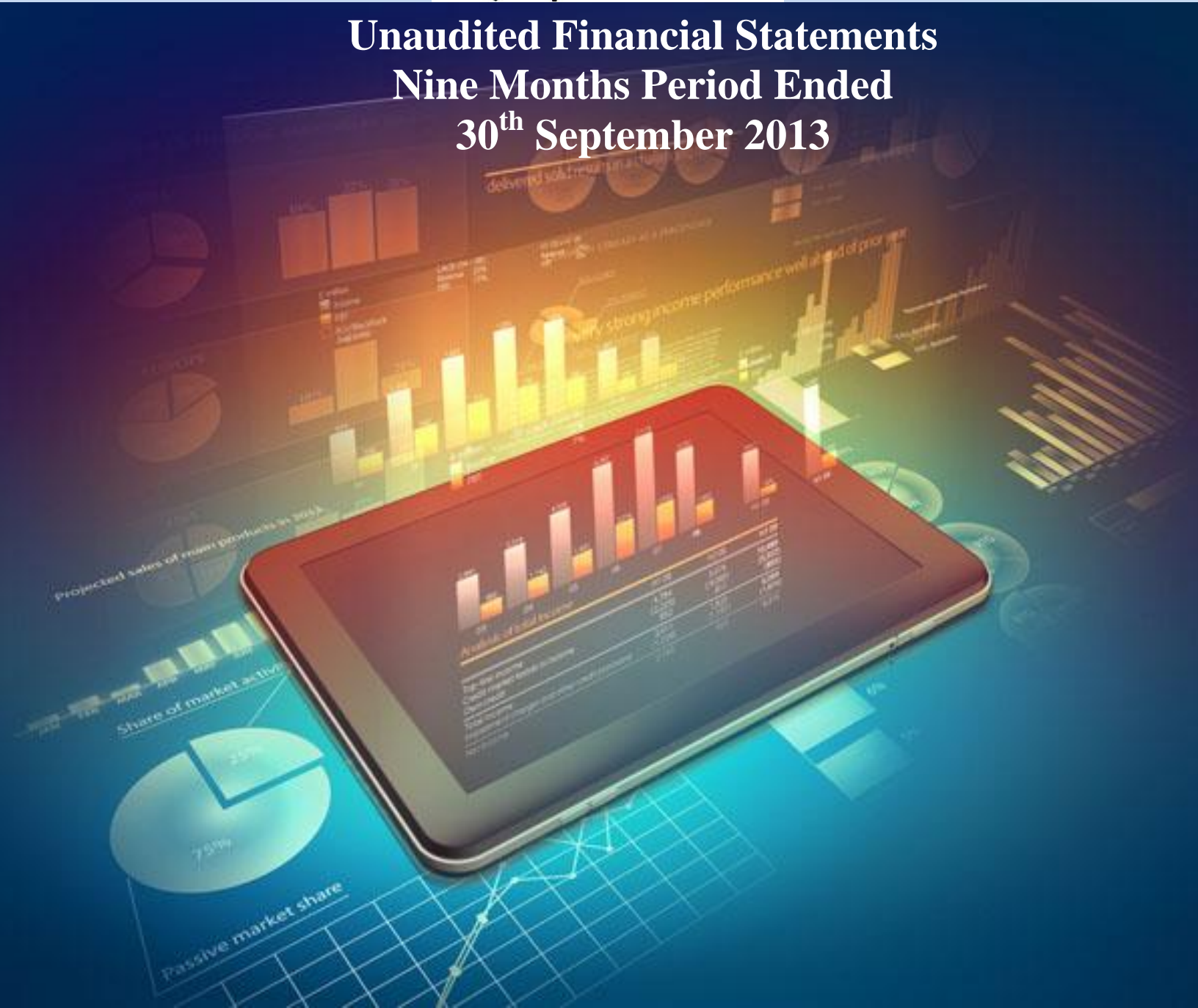




**Unaudited Financial Statements
Nine Months Period Ended
30th September 2013**



Supreme Ventures Limited
Report of the Board of Directors
Unaudited Financial Statements 30th September 2013

The Board of Directors of Supreme Ventures Limited announces the unaudited financial results for the nine-month period 1st January 2013 to 30th September 2013.

The Group's total revenues grew by 8.53% for the nine-month financial period to \$24.623B or a \$1.936B increase, compared to \$22.687B for the corresponding period in 2012. Despite the growth in revenues, the net profit after tax of \$433.562M for the nine-month period represented a 31.38% decline when compared to \$631.798M in the nine-month period of 2012. The decrease in net profit after tax was directly attributable to the continued higher-than-designed lottery game liabilities of 73.96% or increased payouts of \$195M and the impact of increased taxation on the gaming sector of over \$150M, which came into effect on 1st April 2013 and was reported in the six-month unaudited financial statements. The gaming sector faced increases in the lottery gaming tax and BGLC fees, as well as elimination of the 50% unclaimed prizes previously held by the Company. We remind Shareholders that for the new taxation measures imposed on the gaming sector, the gaming taxes are now paid on gross revenue instead of net, as in the previous financial periods.

The Group's increase in total revenues for the nine-month financial period continues to be predominantly due to increases in lottery, sports betting and Pin Code revenues. Cash Pot contributed incremental revenues of \$2.172B, a 15% increase over the corresponding period in 2012. The Company continues to derive steady revenue from Sunday/holiday lottery sales, which began on 1st April 2013. The additional selling days positively impacted the revenues for the financial period, with Sunday/holiday lottery sales contributing \$1.549B to the revenues.

EBITDA was \$762.618M or \$455.732M below the comparative nine-month period in 2012 and Earnings per Share of \$0.16 compared to \$0.24 in 2012.

A comparative look at Q3 for 2013 versus 2012 (1st July to 30th September), revealed a net profit after tax of \$32.613M compared to \$125.603M for Q3 in 2012. This represented a reduction of 74.03% or \$93M in profit. The quarter's performance was significantly impacted by:

- A net increase in the lottery games tax in Q3 of \$76M
- Increase in operating expenses in Q3 of \$111M
- Increase in the foreign exchange rate on fees payable to service providers in Q3, of \$17M

The EBIDTA for Q3 was decreased by \$112M.

We continue to remind our investors that volatilities in game liabilities can adversely impact profitability in any financial period. Cash Pot liabilities were 73.96% at the end of the nine-month financial period under review, that is, higher than the game design of 72.22% and when

compared to 71.82% for the comparative period in 2012. This resulted in additional prize liabilities of approximately \$195M for the financial period. The other fixed payout games: Pick 2, Pick 3 and Pick 4 performed within game design but registered declines in revenue share for the comparative nine-month periods.

The Super Lotto and Lotto games performed well during the period under review. Super Lotto benefitted from the 'Doubler' prize payout promotion that began on 15th June 2013 and ended on 12th July 2013. The value of all subsidiary prizes was doubled during the promotion period. There was one Super Lotto Jackpot winner from Barbados on 3rd August 2013. The winner received the equivalent of J\$197M. There were 3 Lotto Jackpot winners in Q3 at \$32M, \$55M and \$21M respectively.

Sports betting revenue was increased by \$21.4M or 14% for the nine-month period under review, in comparison to the same period in 2012. This was attributable to a wider distribution of 3rd party agent terminals, which facilitated high interest in betting on the World Championships, the early stages of the English Premier League season and the Major League Baseball. Sports Betting liability was also higher at 71.92% for the nine-month period, compared to 65.31% for the corresponding period in 2012, representing an increase in prize payouts of \$26M. The Company also embarked on opening its own company owned/company operated satellite locations, to increase the distribution network of sports betting terminals. 24 such locations are planned for full roll-out islandwide.

The Gaming Lounges continue to be impacted by challenges posed with a reduction in disposable income. VLT Net Win was reduced by \$119M or 23.46%, when compared to the nine-month period for 2012. The Gaming Lounges were also faced with further challenges in patronage, resulting from the smoking ban in enclosed places.

A dividend payment of \$0.03 per share was paid on 2nd September 2013, related to the Q2 financial results of 2013. SVL continues to execute an aggressive dividend payment policy, of quarterly payments based on the company's performance, which amounted to \$553.8M to September 2013.

Announcements

External Auditors, Deloitte Touche Tohmatsu Limited terminated operations in Jamaica on 31st August 2013. KPMG Chartered Accountants were engaged on 1st September 2013 as Auditors for the lottery game draws. On 11th September 2013, the Board awarded KPMG with the Group's statutory audit for the financial year ended 31st December 2013.

The Board of Directors will meet on 8th December 2013 to consider an interim payment of dividend to Shareholders.

Outlook For The Future

The fourth quarter is expected to be a continuation of the challenging times faced by many local companies, as consumers struggle with options on how to spend their limited disposable income.

Notwithstanding the above, SVL will continue to pursue aggressive and exciting marketing strategies for continued revenue generation. The company entered into an arrangement with Television Jamaica Limited (TVJ) for studio operations and broadcast of its game draws, thereby exposing its games to a wider audience share of local television. Effective 1st December 2013, lottery gamers will have an additional hour to purchase tickets for the evening game draw. Pools will close at 8:20pm and the 4th daily draw will be at 8:25pm. The company will also add two additional draws for the Dollaz game, bringing the total to four each day at 10:30am, 1pm, 5pm and 8:25pm. The Super Lotto game draw will be aired at 8:30pm on Tuesdays and Fridays.

The Company will also start its route system for VLTs, with the addition of slot games in its owned/operated Regional Centres and sports betting locations, on a phased basis. These VLTs will accept local currency for the convenience of the customers.

The Company is cognizant of the increase in crime and has been engaging its agents in dialogue on how to contain their cash exposure. Agent delinquency remains under constant review and SVL continues to pursue the collection of amounts outstanding from its agent base.

While game liabilities tend to correct themselves over time, the Company expects that the impact of the new taxation measures on the gaming sector will continue to adversely affect the financial results going forward.

The Board of Directors continues to be thankful to 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
NINE MONTHS ENDED 30th SEPTEMBER 2013

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SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Financial Position
As at September 30, 2013
(Expressed in thousands of Jamaican dollars)

		Unaudited Nine Months Ended September 30, 2013	Audited Year Ended December 31, 2012	Unaudited Nine Months Ended September 30, 2012
ASSETS				
Non-current assets				
Property and equipment	4	2,152,375	2,132,985	1,967,199
Goodwill and other intangibles	5	657,827	674,642	684,432
Long-term receivable	6	401,898	333,665	326,379
Available-for-sale investments	7	7,486	14,759	16,883
Investment in joint venture		34,221	34,221	34,221
Deferred tax assets	8	250,466	315,248	91,193
Other assets	9	28,937	5,908	-
		<u>3,533,210</u>	<u>3,511,428</u>	<u>3,120,307</u>
Current assets				
Income tax recoverable		34,439	-	-
Inventories		86,513	48,418	95,140
Trade and other receivables	10	683,580	610,582	682,723
Cash and bank balances	11	949,408	1,660,455	1,336,974
		<u>1,753,940</u>	<u>2,319,455</u>	<u>2,114,837</u>
Total assets		<u><u>5,287,150</u></u>	<u><u>5,830,883</u></u>	<u><u>5,235,144</u></u>
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		1,967,183	1,967,183	1,967,183
Capital reserves		62,486	62,486	62,486
Revaluation reserves		228,674	237,163	160,684
Retained earnings		1,635,630	1,755,893	1,423,958
		<u>3,893,973</u>	<u>4,022,725</u>	<u>3,614,311</u>
Non-current liabilities				
Long-term liabilities	12	<u>111,889</u>	<u>216,555</u>	<u>234,778</u>
Current liabilities				
Trade and other payables	13	963,056	968,529	848,734
Current portion of long-term liabilities	12	141,604	142,708	177,052
Prizes liabilities		176,628	337,642	278,134
Income tax payable		-	142,724	82,135
		<u>1,281,288</u>	<u>1,591,603</u>	<u>1,386,055</u>
Total equity and liabilities		<u><u>5,287,150</u></u>	<u><u>5,830,883</u></u>	<u><u>5,235,144</u></u>

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

Approved and authorized for issue by the Board of Directors on 6th November 2013 and are signed on its behalf by:



Paul Hoo – Chairman



Brian George – President and CEO

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For period ending September 30, 2013
(Expressed in thousands of Jamaican dollars)

	Notes	Unaudited Nine Months Ended September 30, 2013	Unaudited Nine Months Ended September 30, 2012	Unaudited Three Months Ended September 30, 2013	Unaudited Three Months Ended September 30, 2012
Continuing operations					
Revenue	14	24,622,572	22,687,056	8,560,280	7,251,566
Direct expenses	15	(22,102,170)	(19,800,147)	(7,760,555)	(6,448,487)
Gross profit		2,520,402	2,886,909	799,725	803,079
Operating expenses	16	(2,069,874)	(1,887,035)	(751,162)	(644,058)
Profit from operations		450,528	999,874	48,563	159,021
Interest income		31,022	38,086	7,854	14,490
Net foreign exchange gain		30,108	17,235	29	5,846
Finance costs		(22,721)	(30,563)	(6,554)	(10,677)
Other gains and losses		89,813	32,000	9,659	12,000
Profit before taxation from continuing operations		578,750	1,056,632	59,551	180,680
Taxation	17	(145,188)	(421,702)	(26,938)	(55,077)
Profit for the period from continuing operations		433,562	634,930	32,613	125,603
Discontinued operations					
Loss from discontinued operations		-	(3,132)	-	-
Profit for the period		433,562	631,798	32,613	125,603
Other comprehensive income					
Net deferred tax relating to other comprehensive income		(8,489)	334	472	111
Other comprehensive income for the period		(8,489)	334	472	111
Total comprehensive income for the period		425,073	632,132	33,085	125,714
Earnings per stock					
From continuing and discontinued operations					
Basic		16 Cents	24 Cents	1 Cent	5 Cents
Diluted		16 Cents	24 Cents	1 Cent	5 Cents

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Equity
For period ending September 30, 2013
(Expressed in thousands of Jamaican dollars)

	Share Capital	Capital Reserves	Revaluation Reserves	Retained Earnings	Total
Unaudited Nine Months Ended 30th September 2013					
Balance at January 1, 2013	1,967,183	62,486	237,163	1,755,893	4,022,725
Profit for the period	-	-	-	433,562	433,562
Other comprehensive income for the period, net of tax	-	-	(8,489)	-	(8,489)
Dividend paid	-	-	-	(553,825)	(553,825)
Balance at September 30, 2013	<u>1,967,183</u>	<u>62,486</u>	<u>228,674</u>	<u>1,635,630</u>	<u>3,893,973</u>
Unaudited Nine Months Ended 30th September 2012					
Balance at January 1, 2012	1,967,183	62,486	160,350	1,293,238	3,483,257
Profit for the period	-	-	-	631,798	631,798
Other comprehensive income for the period, net of tax	-	-	334	-	334
Dividend paid	-	-	-	(501,078)	(501,078)
Balance at September 30, 2012	<u>1,967,183</u>	<u>62,486</u>	<u>160,684</u>	<u>1,423,958</u>	<u>3,614,311</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Statement of Cash Flows****For period ending September 30, 2013**

(Expressed in thousands of Jamaican dollars)

	Unaudited Nine Months Ended September 30, 2013	Audited Year Ended December 31, 2012	Unaudited Nine Months Ended September 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit	433,562	1,069,224	631,798
Adjustments for:			
Depreciation of property and equipment	155,812	191,187	142,599
Amortisation of intangible assets	21,045	29,573	19,188
Impairment of property and equipment	15,311	197	7,454
Loss on disposal of property and equipment	1,095	28,286	(246)
Impairment of available for sale investment	7,273	2,124	-
Amortisation of other assets	4,680	656	-
Unrealised exchange loss (gain) on long-term liabilities	1,364	(832)	1,021
Exchange (gain) loss on long-term receivable	33,330	(25,438)	(10,903)
Effect of exchange rate changes on cash and cash equivalents	(3,953)	(12,158)	-
Impairment loss recognised on trade & other receivables	29,638	104,946	-
Interest income	(31,022)	(53,098)	(38,086)
Interest expenses	22,721	39,791	30,563
Income tax expenses	145,188	375,614	421,702
Operating cash flow before movement in working capital	836,044	1,750,072	1,205,090
Decrease (increase) in operating assets			
Inventories	(38,095)	53,395	6,673
Trade and other receivables	(173,000)	(254,602)	(217,557)
(Decrease) increase in operating liabilities			
Trade and other payables	(5,473)	232,314	101,859
Prizes liabilities	(161,014)	73,341	13,833
Cash generated by operations	458,462	1,854,520	1,109,898
Income tax paid	(257,284)	(679,783)	(556,095)
Interest paid	(20,672)	(37,034)	(29,579)
Cash provided by operating activities	180,506	1,137,703	524,224
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	(201,682)	(309,011)	(154,774)
Acquisition of intangible assets	(4,230)	(1,079)	(484)
Acquisition of other assets	(27,709)	(6,564)	-
Proceeds on disposal of property and equipment	10,074	4,350	2,970
Long-term receivables	(32,022)	3,564	1,525
Interest received	18,554	44,497	40,239
Cash used in investing activities	(237,015)	(264,243)	(110,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(553,825)	(606,569)	(501,078)
Loans received	-	100,000	100,000
Loans repaid	(104,666)	(106,222)	(71,333)
Lease obligations paid	-	(30,849)	(22,792)
Cash used in financing activities	(658,491)	(643,640)	(495,203)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(715,000)	229,820	(81,503)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,660,455	1,418,477	1,418,477
Effect of exchange rate changes on the balance of cash held in foreign currency	3,953	12,158	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	949,408	1,660,455	1,336,974

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

PERIOD ENDED SEPTEMBER 30, 2013

	2013						Group
	Lottery	Gaming & Hospitality	Sports Betting	Pin Codes	Other	Eliminations	
External revenue	21,385,629	393,750	177,042	2,616,485	49,666	-	24,622,572
Inter-segment revenue	-	3,829	-	-	188,260	(192,089)	-
Total revenue	<u>21,385,629</u>	<u>397,579</u>	<u>177,042</u>	<u>2,616,485</u>	<u>237,926</u>	<u>(192,089)</u>	<u>24,622,572</u>
Result							
Segment result	933,029	(438,608)	(86,314)	58,501	(16,080)		450,528
Interest income							31,022
Net foreign exchange gain							30,108
Other gains and losses							89,813
Finance cost							(22,721)
Profit before taxation continuing operations							<u>578,750</u>
Taxation							<u>(145,188)</u>
Profit for the year (continuing operations)							<u><u>433,562</u></u>
Other information							
Capital additions	49,300	139,653	43,197	-	1,471	-	233,621
Depreciation, amortisation and write-offs	27,592	139,994	4,198		25,064	-	196,848
Balance sheet							
Segment assets	1,718,337	2,209,925	168,380	81,542	17,361	1,091,606	<u>5,287,150</u>
Consolidated total assets							<u><u>5,287,150</u></u>
Segment liabilities	522,201	311,214	15,210	401,870	16,616	126,065	<u>1,393,177</u>
Consolidated total liabilities							<u><u>1,393,177</u></u>

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

PERIOD ENDED SEPTEMBER 30, 2012

	2012						Group
	Lottery	Gaming & Hospitality	Sports Betting	Pin Codes	Other	Eliminations	
External revenue	20,053,440	572,108	154,186	1,855,297	52,025	-	22,687,056
Inter-segment revenue	-	23,753	-	-	157,289	(181,042)	-
Total revenue	<u>20,053,440</u>	<u>595,861</u>	<u>154,186</u>	<u>1,855,297</u>	<u>209,314</u>	<u>(181,042)</u>	<u>22,687,056</u>
Result							
Segment result	1,109,471	(126,910)	(83,586)	66,529	34,370	-	999,874
Interest income							38,086
Net foreign exchange gain							17,235
Other gains and losses							32,000
Finance cost							(30,563)
Profit before taxation continuing operations							1,056,632
Taxation							(421,702)
Profit for the year (continuing operations)							<u>634,930</u>
Other information							
Capital additions	59,181	94,991	1,086	-	-	-	155,258
Depreciation, amortisation and write-offs	38,663	116,035	12,989	-	1,554	-	169,241
Balance sheet							
Segment assets	4,459,518	3,396,146	727,798	88,093	112,613	(3,548,915)	5,235,253
Consolidated total assets							<u>5,235,253</u>
Segment liabilities	1,753,473	1,451,925	122,402	244,062	46,690	(1,997,611)	1,620,941
Consolidated total liabilities							<u>1,620,941</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2013**
(Expressed in thousands of Jamaican dollars)

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, The R. Danny Williams Building, 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:	Not trading	100
Bingo Investments Limited	Not trading	100
Prime Sports (Jamaica) Limited and its wholly-owned subsidiary:	Betting, gaming and lotteries operations	100
Chillout Ventures Limited	Not trading	100
Supreme Ventures Financial Services Limited	Not trading	100
Big 'A' Track 2003 Limited	Property management services	100

Effective February 28 and March 31, 2013, the Company carried out an exercise to amalgamate its subsidiaries as follows:

- 1) Transfer of the assets and operations of Supreme Ventures Lotteries Limited and Big 'A' Track 2003 Limited to Prime Sports (Jamaica) Limited.
- 2) Transfer of the assets and operations of Supreme Ventures Financial Services Limited to Big 'A' Track 2003 Limited.

Prime Sports (Jamaica) Limited is licensed by the Betting, Gaming and Lotteries Commission to carry out its betting, gaming and lotteries operations.

In addition to the entities above, the Group also includes Jamaica Lottery Company Limited which has been put into members' voluntary liquidation and has not yet been completed.

2. BASIS OF PREPARATION

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

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 accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2012.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2013**
(Expressed in thousands of Jamaican dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Goodwill

Goodwill is recorded at cost and represents the excess of the value of the 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 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
- e) Other

(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 NINE MONTHS ENDED SEPTEMBER 30, 2013**
(Expressed in thousands of Jamaican dollars)

4. PROPERTY, PLANT & EQUIPMENT

	Freehold Land Buildings (At Valuation)	Leasehold Buildings	Leasehold Improvements	Machinery & Gaming Equipment	Furniture, Fixtures, Signs & Posters	Motor Vehicles	Capital Work in Progress	Total
Cost/Valuation								
Balance at January 1, 2013	1,259,700	120,348	351,813	697,345	546,160	137,031	200,478	3,312,875
Additions	347	-	12,798	15,763	11,200	52,276	109,298	201,682
Transfers	5,356	-	101,842	156,023	36,285	-	(299,506)	-
Disposals	-	-	-	(34,536)	(1,021)	(32,539)	-	(68,096)
Balance at September 30, 2013	<u>1,265,403</u>	<u>120,348</u>	<u>466,453</u>	<u>834,595</u>	<u>592,624</u>	<u>156,768</u>	<u>10,270</u>	<u>3,446,461</u>
Accumulated Depreciation								
Balance at January 1, 2013	-	15,545	193,496	563,704	342,895	64,250	-	1,179,890
Depreciation expense	19,503	2,257	33,449	65,599	17,719	17,285	-	155,812
Disposals	-	-	-	(19,655)	(591)	(21,370)	-	(41,616)
Balance at September 30, 2013	<u>19,503</u>	<u>17,802</u>	<u>226,945</u>	<u>609,648</u>	<u>360,023</u>	<u>60,165</u>	<u>-</u>	<u>1,294,086</u>
Balance at September 30, 2013	<u>1,245,900</u>	<u>102,546</u>	<u>239,508</u>	<u>224,947</u>	<u>232,601</u>	<u>96,603</u>	<u>10,270</u>	<u>2,152,375</u>
December 31, 2012	<u>1,259,700</u>	<u>104,803</u>	<u>158,317</u>	<u>133,641</u>	<u>203,265</u>	<u>72,781</u>	<u>200,478</u>	<u>2,132,985</u>

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

Freehold buildings	-	40 years
Leasehold improvements	-	10 years
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.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED NINE MONTHS ENDED SEPTEMBER 30, 2013**
(Expressed in thousands of Jamaican dollars)

5. GOODWILL & OTHER INTANGIBLES

	Computer Software	Licences	Software Usage Rights	Goodwill	Total
Cost					
Balance at					
January 1, 2013	64,199	49,044	80,558	571,681	765,482
Additions	4,230				4,230
Balance at					
September 30, 2013	68,429	49,044	80,558	571,681	769,712
Accumulated Amortisation					
Balance at					
January 1, 2013	54,457	20,271	16,112	-	90,840
Amortisation expense	7,645	7,358	6,042	-	21,045
Balance at					
September 30, 2013	62,102	27,629	22,154	-	111,885
Balance at					
September 30, 2013	6,327	21,415	58,404	571,681	657,827
December 31, 2012	9,742	28,773	64,446	571,681	674,642
			Sep-13	31-Dec-12	30-Sep-12
Acquired goodwill					
Gaming operations			381,728	381,728	381,728
Lottery operations			189,953	189,953	189,953
			571,681	571,681	571,681

6. LONG-TERM RECEIVABLES

	Sep-13	31-Dec-12	30-Sep-12
SGL BVI (see below)	364,398	333,665	326,379
Other	37,500	-	-
	401,898	333,665	326,379

SGL BVI Limited

The balance represents unsecured 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.

As of September 1, 2013 the balance was converted from a US dollar denomination and is now denominated in Jamaican dollars. The balance outstanding at September 30, 2013 amounting to JMD 390,426,031 is serviced under an Electronic Gaming Machine Framework Agreement dated March 3, 2011 between Intralot Caribbean Ventures Limited (Intralot) and the Company and a Project Service Agreement dated March 11, 2011 between SGL BVI and Intralot. Interest accrues on the outstanding balance at the rate of 4% per annum. Interest accrued as at September 30, 2013 amounts to JMD 2,685,048.

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7. AVAILABLE-FOR-SALE INVESTMENTS

	<u>30-Sep-13</u>	<u>31-Dec-12</u>	<u>30-Sep-12</u>
Unquoted balance, January 1	1,883	1,883	1,883
Unquoted balance	<u>1,883</u>	<u>1,883</u>	<u>1,883</u>
Quoted balance, January 1	12,876	-	-
Addition (Reclassified from prepayment)	-	15,000	15,000
Impairment adjustment (see below)	<u>(7,273)</u>	<u>(2,124)</u>	<u>-</u>
Quoted balance	<u>5,603</u>	<u>12,876</u>	<u>15,000</u>
Unquoted and quoted balance	<u><u>7,486</u></u>	<u><u>14,759</u></u>	<u><u>16,883</u></u>

Investment in quoted equity was considered impaired based on the last trading price as at September 30, 2013 (and December 31, 2012).

8. DEFERRED TAXATION

	<u>30-Sep-13</u>	<u>31-Dec-12</u>	<u>30-Sep-12</u>
Deferred tax assets	375,265	414,526	160,029
Less: Deferred tax liabilities	<u>(124,799)</u>	<u>(99,278)</u>	<u>(68,836)</u>
	<u><u>250,466</u></u>	<u><u>315,248</u></u>	<u><u>91,193</u></u>

	<u>30-Sep-13</u>	<u>31-Dec-12</u>	<u>30-Sep-12</u>
Opening balance	315,248	61,098	61,098
(Credited) charged to equity for the period	(8,489)	(5,979)	334
Credited (charged) to income for the period	<u>(56,293)</u>	<u>260,129</u>	<u>29,761</u>
Closing balance	<u><u>250,466</u></u>	<u><u>315,248</u></u>	<u><u>91,193</u></u>

9. OTHER ASSETS

This amount represents clearance cost for leased gaming machines which is being amortised over the useful life of the gaming machines, estimated at five years.

	<u>30-Sep-13</u>	<u>31-Dec-12</u>
Balance at January 1	6,564	
Acquired during the year	27,709	6,564
Less: Amortisation	<u>(5,336)</u>	<u>(656)</u>
	<u><u>28,937</u></u>	<u><u>5,908</u></u>

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10. TRADE AND OTHER RECEIVABLES

	<u>30-Sep-13</u>	<u>31-Dec-12</u>	<u>30-Sep-12</u>
Trade receivables	595,192	471,517	505,968
Less: Allowances for irrecoverable debts (see below)	<u>(180,138)</u>	<u>(152,417)</u>	<u>(85,489)</u>
	415,054	319,100	420,479
Current portion of long term receivables	26,028	26,230	21,183
Other receivables and prepayments	<u>242,498</u>	<u>265,252</u>	<u>241,061</u>
	<u>683,580</u>	<u>610,582</u>	<u>682,723</u>

Included in trade receivables is an amount of \$ 556.781 million (December, 2012: \$423 million; September, 2012: \$455.09 million) representing amounts receivable from the agents that support the lottery sales. The average credit period for these receivables is 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.

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

On February 28, 2013 the Betting Gaming and Lotteries Commission (BGLC) renewed the lotteries licence to Prime Sports Jamaica Limited (PSJL). This licence expires on the 10 January 2033. As a condition of the licence, PSJL 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 PSJL 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.

	<u>30-Sep-13</u>	<u>31-Dec-12</u>	<u>30-Sep-12</u>
Dedicated Cash Account	<u>506,823</u>	<u>709,591</u>	<u>473,603</u>
Aggregate Liabilities	<u>338,417</u>	<u>559,721</u>	<u>374,549</u>

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12. LONG-TERM LIABILITIES

	<u>30-Sep-13</u>	<u>31-Dec-12</u>	<u>30-Sep-12</u>
Obligation under finance lease (Sept. 2012: US\$ 192,690)	-	-	17,324
Bank loans	<u>253,493</u>	<u>359,263</u>	<u>394,506</u>
	<u>253,493</u>	<u>359,263</u>	<u>411,830</u>
These loans are payable as follows:			
Within one year	141,604	142,708	177,052
In the remaining years	<u>111,889</u>	<u>216,555</u>	<u>234,778</u>
	<u>253,493</u>	<u>359,263</u>	<u>411,830</u>

The non-revolving JMD loan obtained from the Bank of Nova Scotia Jamaica Limited (BNS) is repayable in quarterly installments over a period of five years. The interest rate on the loan is 8.95%.

The BNS facility is secured as follows:

- (i) Corporate guarantee by Prime Sports (Jamaica) Limited supported by first legal mortgage over commercial property located at Gloucester Avenue, Montego Bay in the parish of Saint James.
- (ii) Cash flow support guarantee from Prime Sports Jamaica Limited in favour of Supreme Ventures Limited.
- (iii) Adequate peril insurance for the full replacement values over the properties ((i) above) to be held as collateral with benefits ceded to the bank.

13. TRADE AND OTHER PAYABLES

	<u>30-Sep-13</u>	<u>31-Dec-12</u>	<u>30-Sep-12</u>
Trade payables	142,251	241,844	38,712
Service contractor fees	524,240	261,173	407,812
Contributions payable to chase fund	71,949	159,238	59,789
Contributions payable to betting, gaming and lotteries commission	41,495	16,789	16,249
Government taxes payable	46,824	46,052	26,815
Other payables and accruals	<u>136,297</u>	<u>243,433</u>	<u>299,357</u>
	<u>963,056</u>	<u>968,529</u>	<u>848,734</u>

**SUPREME VENTURES LIMITED
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14. REVENUE

Analysis of the revenue is as follows:

	<u>30-Sep-13</u>	<u>30-Sep-12</u>
Lottery	21,371,673	19,968,365
Sports Betting	176,704	154,186
Unclaimed prizes	14,295	85,075
Gaming revenue (net wins)	389,056	508,330
Hospitality and related revenue	4,694	63,778
Pin codes	2,616,485	1,855,297
Others	49,665	52,025
	<u>24,622,572</u>	<u>22,687,056</u>

15. DIRECT EXPENSES

Analysis of direct expenses is as follows:

	<u>30-Sep-13</u>	<u>30-Sep-12</u>
Lottery and Sports betting prizes (see a below)	14,840,518	13,656,205
Service contractor fees	1,144,146	1,035,243
Agents' commissions	1,059,116	987,220
Good cause fees	827,853	898,967
Lottery and gaming tax	1,333,958	1,167,341
Contributions to BGLC	360,381	213,551
Hospitality and related services	2,311	52,852
Pin codes	2,366,038	1,666,313
Commissions - pin codes	167,849	122,455
	<u>22,102,170</u>	<u>19,800,147</u>

a) 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.

**SUPREME VENTURES LIMITED
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16. OPERATING EXPENSES

	<u>30-Sep-13</u>	<u>30-Sep-12</u>
Staff costs (Note a below)	503,513	499,470
Rental and utilities	208,044	186,422
Marketing and business development	172,746	260,836
Legal and professional fees	245,514	142,531
Draw expenses	110,780	116,838
Bad debts	29,638	13,048
Security	70,228	60,501
GCT irrecoverable	92,228	84,043
Licences and other fees	29,391	19,188
Depreciation and amortisation charges	181,537	161,787
Impairment of property and equipment	15,311	7,454
Bank charges	45,782	24,388
Complimentary tokens, food and drinks	47,191	4,097
Director's fees	39,430	24,796
Equipment and motor vehicle expense	37,678	32,227
Local and foreign travel	54,166	42,447
Subscription and donations	30,385	78,107
Insurance	20,276	17,584
Audit services	23,787	33,459
Others	112,249	77,812
	<u>2,069,874</u>	<u>1,887,035</u>

(a) Staff costs

	<u>30-Sep-13</u>	<u>30-Sep-12</u>
Salaries and other employee benefits	452,140	445,277
Statutory contributions	41,749	37,382
Pension contributions	9,624	16,811
	<u>503,513</u>	<u>499,470</u>

17. TAXATION

The charge is reconciled to the profit as per the statement of profit or loss and other comprehensive income as follows:

	<u>30-Sep-13</u>	<u>30-Sep-12</u>
Profit before taxation	<u>578,750</u>	<u>1,056,632</u>
Tax at nominal rate of 25%/30% (2012:33 $\frac{1}{3}$ %)	157,848	352,210
Tax effect of expenses disallowed for tax purposes	12,819	27,394
Net deferred tax not recognised	-	45,582
Tax effect on non-taxable income	(10,420)	-
Tax effect on private motor vehicles	14,138	-
Prior year deferred tax recognised in current year	(5,360)	(3,484)
Net effect of change in tax rate and amalgamation	(29,708)	-
Under provision from prior year	1,693	-
Other	4,178	-
	<u>145,188</u>	<u>421,702</u>

**SUPREME VENTURES LIMITED
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(Expressed in thousands of Jamaican dollars)

18. CONTINGENCIES

a. Contingencies - litigations

Epsilon Global Equities

On December 15, 2008 a civil suit was filed by Epsilon Global Equities Limited (Epsilon) citing as defendants the Company and its founding shareholders. The matter was settled in 2011, with a judgment in favour of the shareholders and the Company. However, the attorney representing Epsilon appealed the judgment. It is expected that the appeal will be heard by December 2014. Attorneys representing the defendants expect the company to succeed the hearing and that the appeal will not result in a financial liability to the company.

Talisman Capital Alternative Investment Fund and EGE Limited

In August 2012, a civil suit was filed in the Federal Court in the Florida, USA jurisdiction by Talisman Capital Alternative Investment Fund and EGE Limited citing as defendants the Company and some of its shareholders. This suit is in respect of the same and other issues decided in the Supreme Court in Jamaica in favour of the Company and some of its shareholders.

In April 2013, the Federal Bankruptcy court in Florida granted a motion by SVL and other defendants to dismiss the complaint. The Plaintiffs then filed objections to the dismissal. Subsequently, the court granted a motion by SVL and other defendants to strike the objectives. The Plaintiffs then moved for reconsideration of the order. The court denied the Plaintiffs' motion for reconsideration. The Plaintiffs have appealed this order.

The attorneys representing SVL in the USA expect its position to be upheld by the Florida Courts, as has been successfully done in the Jamaican Courts.

b. Contingencies - Guarantee

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 Betting, Gaming and Lotteries Commission (BGLC). The company and BGLC have agreed that, the secured debenture and the guarantee constitute compliance by the subsidiary, Prime Sports Jamaica Limited (PSJL), with the requirements of the licence granted by BGLC that, the equity capitalisation of PSJL be not less than \$500 million, and PSJL will accordingly be treated as having \$500 million of shareholders' equity for the purpose of the condition of the BGLC licence that refer to shareholders' equity. Accordingly, BGLC will hold the company responsible and liable for any breaches of the licence by the subsidiary, PSJL.

c. Contingencies – Prime Sports Jamaica Limited

In accordance with requirements of the Betting, Gaming and Lotteries Act to grant Bookmakers permit, the subsidiary Prime Sports Jamaica Limited executed a performance bond guarantee arrangement with Bank of Nova Scotia Jamaica Limited (BNS) for an amount of \$25.0 million. Under the said performance bond covering the period April 14, 2011 to April 13, 2015, BNS would pay on demand any sums which may from time to time be demanded by the Betting, Gaming and Lotteries Commission up to a maximum aggregated sum of \$25.0 million.

The bank guarantee is secured by a hypothecated term deposit of \$25.0 million of the subsidiary, which is included in the Group's cash and bank balances.

d. Contingencies - Super Lotto Jackpot Liability

As required under Condition 7 attached to the approval granted by Betting, Gaming and Lotteries Commission (BGLC) to promote the multijurisdictional 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 is renewable annually, 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.

e. Contingencies – Licence fees to Betting, Gaming and Lotteries Commission (BGLC)

In accordance with conditions attached to the lottery licences granted by BGLC, annual licence fees of \$26.4 million falls due for payment each year.



Shareholdings

SUPREME VENTURES LIMITED
TEN LARGEST SHAREHOLDERS (as at 30th September 2013)

Name	Joint Holders/Connected		
Account (s)	Interest	Volume	Percentage
Intralot Caribbean Ventures Limited		1,315,895,445	49.90
		1,315,895,445	49.90
Ian Kent Levy		314,929,440	11.94
	Matthew Kent Levy	4,000,000	0.15
		318,929,440	12.09
Paul Hoo		192,874,139	7.31
		20,000,000	0.76
		13,508,220	0.51
	Susan Elizabeth Hoo	1,186,500	0.04
		227,568,859	8.62
Janette Stewart		179,035,112	6.79
	Steven A. Hudson	587,433	0.02
		179,622,545	6.81
Stephen Roger Castagne		138,360,498	5.25
		138,360,498	5.25
MAYBERRY WEST INDIES LIMITED		88,432,283	3.35
		88,432,283	3.35
Sunfisher Corporation		24,648,118	0.93
		24,648,118	0.93
Keith Binns		20,000,000	0.76
	Lurline Binns	20,000,000	0.76
JCSD TRUSTEE SERVICES LTD – A/C 76579-02		19,169,839	0.73
		19,169,839	0.73
TW Metals Ltd.		18,257,457	0.69
		18,257,457	0.69

SUPREME VENTURES LIMITED
DIRECTORS' SHAREHOLDINGS (as at 30th September 2013)

Directors				
Name				
Accounts (s)	Primary Holder	Joint Holders/Connected Interest	Volume	Percentage
Paul Hoo			192,874,139	7.31
			20,000,000	0.76
			13,508,220	0.51
		Susan Elizabeth Hoo	1,186,500	0.04
			227,568,859	8.63
Ian Kent Levy			314,929,440	11.94
		Matthew Kent Levy	4,000,000	0.15
			318,929,440	12.09
Steven A. Hudson				
	Janette Stewart	Steven A. Hudson	587,433	0.02
			587,433	0.02
Brian R. George				
			2,090,941	0.08
			155,706	0.01
			2,246,647	0.09
John George Graham				
		Tracey Elaine Adams-Goldson	1,000	0.00
			1,000	0.00
Barrington Chisholm				
			994,871	0.04
			994,871	0.04
Georgios Sampson			Nil	Nil
			Nil	Nil
Nicholas Mouttet			Nil	Nil
			Nil	Nil
Nikolaos Nikolakopoulos			Nil	Nil
			Nil	Nil
Peter Chin			Nil	Nil
			Nil	Nil
Ian Moore			Nil	Nil
			Nil	Nil



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