

SUPREME VENTURES



**UNAUDITED FINANCIAL
STATEMENTS
31ST MARCH 2013**



**Report of the Board of Directors
Unaudited Financial Statements 31st March 2013**

The Board of Directors of Supreme Ventures Limited is pleased to announce the unaudited financial results for the first quarter 1st January 2013 to 31st March 2013.

Supreme Ventures Limited (hereinafter referred to as “the Company”) has posted net profit after tax for the first quarter of \$300.943M or a 64% increase over \$183.822M for the comparative period in the first quarter of 2012. This was directly attributable to low lottery game liabilities for the quarter. We continue to remind our investors that volatilities in game liabilities can adversely impact profitability in any financial quarter. The overall profitability of the company in Q1 of 2013 was also positively impacted by a \$791.306M reduction in direct expenses, reorganization of the company’s operating structure and interest income. EBITDA was \$452.433M or \$52M above the comparative Q1 period in 2012.

The Group’s total revenues for the quarter of \$7.408B represented a 9% or \$744.679M decline compared to \$8.153B for the corresponding quarter in 2012. This was mainly due to decreases in lottery and VLT revenues of 11% and 39% respectively, when compared to the same period in 2012. The significant decline in VLT revenues was directly attributable to closure of the Coral Cliff gaming lounge in Montego Bay for refurbishing. The facility was closed for refurbishing in December 2012, rebranded and reopened as Acropolis Montego Bay on 7th March 2013. Acropolis Portmore was also temporarily closed in January 2013 for refurbishing and new layout of the gaming floor. It is yet to be reopened. The Odyssey Gaming Lounge opened on 7th February 2013 and is enjoying early market support.

The Lotto and Super Lotto games performed well during the period under review. The Lotto Jackpot that rolled from October 2012 was hit on 6th February 2013 at \$130M. Cash Pot revenues declined by 4% when compared to Q1 of 2012 and the liabilities were within the game design of 72.22%, at an average of 70.88% for Q1 in 2013. The other fixed payout games: Pick 2, Pick 3 and Pick 4 performed within game design.

Sports betting revenue increased by \$23M or 44% when compared to Q1 of 2012. This is attributable to interest in betting on the English Premier League; UEFA Champions League; NFL and Super Bowl, despite the slow installation of terminals to increase the distribution network of sports betting terminals islandwide. The product however had a higher payout percentage in Q1 2013, when compared to the similar period last year.

Our Direct Expenses decreased by 11% relative to Q1 of 2012 due to the aforementioned reduction in sales and prize liabilities. Operating expenses were significantly impacted by agent bad debts (\$16.355M in Q1 2013 compared to \$3.485M in 2012) and bank charges (\$17.642M in Q1 2013 compared to \$7.863M in 2012).

The restaurant operations were closed in January 2013.

The Earnings per Share was \$0.11, when compared to \$0.07 for the corresponding period in 2012.

A dividend payment of \$0.10 per share was declared on 27th February 2013 and \$263.725M paid on 28th March 2013. SVL continues to execute an aggressive dividend payment policy, of quarterly payments based on the company's performance.

Announcements

During Q1, the company commenced a scheme of amalgamating the betting, gaming and lottery operations of its subsidiaries into a single operating entity - Prime Sports (Jamaica) Limited, an existing subsidiary.

On 28th February 2013, the Betting Gaming and Lotteries Commission (BGLC) renewed the lottery licence. The licence was issued to Prime Sports (Jamaica) Limited and will expire on 10th January 2033. The company's Bookmaker's Permit was also renewed and issued to Prime Sports (Jamaica) Limited with the next renewal date being 31st March 2015.

At a meeting of the Board of Directors held on 20th March 2013 the Board agreed to adopt a term limit of seven years with respect to Independent Directors. The Independent Directors impacted by the seven year limit are Curtis Martin and Dr. David McBean. The Board also confirmed the age of retirement of Directors to be seventy years.

Subsequent Events

- Miss Winsome Minott, the Company Secretary resigned on 3rd April 2013. This resignation is effective 4th June 2013.
- The Board of Directors will meet on 17th May 2013 to consider declaration of an interim dividend.
- The Company's Annual General Meeting is scheduled for 3rd June 2013 at the Knutsford Court Hotel, starting at 10am.

Outlook For The Future

The second quarter is poised to be a very challenging one, as the tax measures announced by the Ministry of Finance in February 2013 will take effect on 1st April 2013. The new tax package aims to collect a further \$1.5Bn from the gaming industry.

Included in the new tax measures are increases in our tax rate for each lottery game from 17% to 20% and 23% to 25% respectively. There will also be the introduction of new fees for licencing of lottery and sports betting outlets and the agents, amounting to over \$5M. The Company has taken the decision to absorb these fees for 2013, in light of the uncertainty with the implementation process for this new licencing regime. We have also seen elimination of the unclaimed prize allocation previously retained by the company for second chance game promotions and sponsorships. This allocation now has to be paid over to the Betting Gaming and Lotteries Commission. The effect of these new tax measures will no doubt affect the Company's ability to achieve the levels of profitability projected over 2012.

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
THREE MONTHS ENDED MARCH 31, 2013

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SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Financial Position
As at March 31, 2013
(Expressed in thousands of Jamaican dollars)

		Unaudited Three Months Ended March 31, 2013	Audited Year Ended December 31, 2012	Unaudited Three Months Ended March 31, 2012
ASSETS				
	<u>Notes</u>			
Non-current assets				
Property and equipment	4	2,162,039	2,132,985	1,953,327
Goodwill and other intangibles	5	668,081	674,642	696,513
Long-term receivable	6	355,331	333,665	316,407
Available-for-sale investments		14,759	14,759	1,883
Investment in joint venture		34,221	34,221	34,221
Deferred tax assets		312,705	315,248	60,917
Other assets		32,365	5,908	-
		<u>3,579,501</u>	<u>3,511,428</u>	<u>3,063,268</u>
Current assets				
Inventories		86,283	48,418	76,769
Trade and other receivables	7	604,606	610,582	691,743
Cash and bank balances	8	1,445,639	1,660,455	1,132,956
		<u>2,136,528</u>	<u>2,319,455</u>	<u>1,901,468</u>
Total assets		<u>5,716,029</u>	<u>5,830,883</u>	<u>4,964,736</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		228,721	237,163	160,462
Retained earnings		1,793,113	1,755,893	1,345,197
		<u>4,051,503</u>	<u>4,022,725</u>	<u>3,535,328</u>
Non-current liabilities				
Long-term liabilities	9	<u>181,666</u>	<u>216,555</u>	<u>171,222</u>
Current liabilities				
Trade and other payables	10	1,114,253	968,529	763,061
Current portion of long-term liabilities	9	142,401	142,708	211,079
Prizes liabilities	8	213,041	337,642	252,650
Income tax payable		13,165	142,724	31,396
		<u>1,482,860</u>	<u>1,591,603</u>	<u>1,258,186</u>
Total equity and liabilities		<u>5,716,029</u>	<u>5,830,883</u>	<u>4,964,736</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 9th May 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 March 31, 2013
(Expressed in thousands of Jamaican dollars)

	<u>Notes</u>	Unaudited Three Months Ended March 31, 2013	Audited Year Ended December 31, 2012	Unaudited Three Months Ended March 31, 2012
Continuing operations				
Revenue	11	7,407,838	29,726,146	8,152,517
Direct expenses	12	<u>(6,411,799)</u>	<u>(25,710,180)</u>	<u>(7,203,105)</u>
Gross profit		996,039	4,015,966	949,412
Operating expenses	13	<u>(654,268)</u>	<u>(2,657,317)</u>	<u>(614,362)</u>
Profit from operations		341,771	1,358,649	335,050
Interest income		12,018	53,098	8,950
Net foreign exchange gain		24,768	35,945	1,941
Finance costs		(8,507)	(39,791)	(10,389)
Other gains and losses		<u>13,000</u>	<u>42,000</u>	<u>10,000</u>
Profit before taxation from continuing operations		383,050	1,449,901	345,552
Taxation	14	<u>(82,107)</u>	<u>(376,880)</u>	<u>(161,730)</u>
Profit for the period/year from continuing operations		300,943	1,073,021	183,822
Discontinued operations				
Loss from discontinued operations		<u>-</u>	<u>(3,797)</u>	<u>-</u>
Profit for the period/year		<u>300,943</u>	<u>1,069,224</u>	<u>183,822</u>
Other comprehensive income				
Net gain on revaluation of property		-	82,792	-
Net deferred tax relating to other comprehensive income		<u>(8,442)</u>	<u>(5,979)</u>	<u>112</u>
Other comprehensive income for the year, net of tax		<u>(8,442)</u>	<u>76,813</u>	<u>112</u>
Total comprehensive income for the period/year		<u>292,501</u>	<u>1,146,037</u>	<u>183,934</u>
Earnings per stock				
From continuing and discontinued operations				
Basic		<u>11 Cents</u>	<u>41 Cents</u>	<u>7 Cents</u>
Diluted		<u>11 Cents</u>	<u>41 Cents</u>	<u>7 Cents</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Equity
For period ending March 31, 2013
(Expressed in thousands of Jamaican dollars)

	Share Capital	Capital Reserves	Revaluation Reserves	Retained Earnings	Total
Unaudited Three Months Ended 31st March 2013					
Balance at January 1, 2013	1,967,183	62,486	237,163	1,755,893	4,022,725
Profit for the period	-	-	-	300,943	300,943
Other comprehensive income for the period, net of tax	-	-	(8,442)	-	(8,442)
Dividend paid	-	-	-	(263,723)	(263,723)
Balance at March 31, 2013	<u>1,967,183</u>	<u>62,486</u>	<u>228,721</u>	<u>1,793,113</u>	<u>4,051,503</u>
Unaudited Three Months Ended 31st March 2012					
Balance at January 1, 2012	1,967,183	62,486	160,350	1,293,238	3,483,257
Profit for the period	-	-	-	183,822	183,822
Other comprehensive income for the period, net of tax	-	-	112	-	112
Dividend paid	-	-	-	(131,863)	(131,863)
Balance at March 31, 2012	<u>1,967,183</u>	<u>62,486</u>	<u>160,462</u>	<u>1,345,197</u>	<u>3,535,328</u>

SUPREME VENTURES LIMITED AND ITS SUBSIDIARIES**Consolidated Statement of Cash Flows****For period ending March 31, 2013**

(Expressed in thousands of Jamaican dollars)

	Unaudited Three Months Ended March 31, 2013	Audited Year Ended December 31, 2012	Unaudited Three Months Ended March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit	300,943	1,069,224	183,822
Adjustments for:			
Depreciation of property and equipment	49,982	191,187	47,319
Amortisation of intangible assets	6,561	29,573	5,314
Write-offs and adjustments of property and equipment	14,940	197	-
Gain on disposal of property and equipment	-	28,286	-
Impairment of available for sale investment	-	2,124	-
Amortisation of other assets	2,397	656	1,308
Unrealised exchange loss (gain) on long-term liabilities	78	(832)	-
Exchange (gain) loss on long-term receivable	20,262	(25,438)	(246)
Effect of exchange rate changes on cash and cash equivalents	-	(12,158)	-
Impairment loss recognised on trade & other receivables	16,324	104,946	-
Interest income	(12,018)	(53,098)	(8,950)
Interest expenses	8,507	39,791	10,389
Income tax expenses	82,107	375,614	161,730
Operating cash flow before movement in working capital	490,083	1,750,072	400,686
Decrease (increase) in operating assets			
Inventories	(37,865)	53,395	25,044
Trade and other receivables	(55,465)	(254,602)	(207,439)
(Decrease) increase in operating liabilities			
Trade and other payables	151,175	232,314	15,136
Prizes liabilities	(124,601)	73,341	(11,651)
Cash generated by operations	423,327	1,854,520	221,776
Income tax paid	(213,931)	(679,783)	(316,801)
Interest paid	(5,622)	(37,034)	(9,432)
Cash provided by operating activities	203,774	1,137,703	(104,457)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	(105,339)	(309,011)	(38,166)
Acquisition of intangible assets	-	(1,079)	-
Acquisition of other assets	(27,709)	(6,564)	-
Proceeds on disposal of property and equipment	-	4,350	2,970
Long-term receivables	1,481	3,564	8,701
Interest received	11,589	44,497	-
Cash used in investing activities	(119,978)	(264,243)	(26,495)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(263,723)	(606,569)	(131,863)
Loans received	-	100,000	-
Loans repaid	(34,889)	(106,222)	(18,222)
Lease obligations paid	-	(30,849)	(4,484)
Cash used in financing activities	(298,612)	(643,640)	(154,569)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(214,816)	229,820	(285,521)
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	-	12,158	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,445,639	1,660,455	1,132,956

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

PERIOD ENDED MARCH 31, 2013

	2013						Group
	Lottery	Gaming & Hospitality	Sports Betting	Pin Codes	Other	Eliminations	
External revenue	6,461,040	111,438	75,389	744,208	15,763	-	7,407,838
Inter-segment revenue	-	3,829	-	-	62,341	(66,170)	-
Total revenue	<u>6,461,040</u>	<u>115,267</u>	<u>75,389</u>	<u>744,208</u>	<u>78,104</u>	<u>(66,170)</u>	<u>7,407,838</u>
Result							
Segment result	476,366	(158,784)	(17,042)	26,180	15,051	-	341,771
Interest income							12,018
Net foreign exchange gain							24,768
Other gains and losses							13,000
Finance cost							(8,507)
Profit before taxation continuing operations							<u>383,050</u>
Taxation							<u>(82,107)</u>
Profit for the year (continuing operations)							<u><u>300,943</u></u>
Other information							
Capital additions	15,299	85,395	4,645	-	-	-	105,339
Depreciation, amortisation and write-offs	7,930	58,482	3,925	-	1,146	-	71,483
Balance sheet							
Assets							
Segment assets	4,568,149	3,964,577	695,720	85,709	82,504	(3,680,630)	<u>5,716,029</u>
Consolidated total assets							<u><u>5,716,029</u></u>
Liabilities							
Segment liabilities	1,356,821	1,963,050	128,047	303,595	45,512	(2,132,499)	<u>1,664,526</u>
Consolidated total liabilities							<u><u>1,664,526</u></u>

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

PERIOD ENDED MARCH 31, 2012

	2012						Group
	Lottery	Gaming & Hospitality	Sports Betting	Pin Codes	Other	Eliminations	
External revenue	7,265,554	198,993	52,285	619,677	16,008	-	8,152,517
Inter-segment revenue	-	7,286	-	-	26,550	(33,836)	-
Total revenue	<u>7,265,554</u>	<u>206,279</u>	<u>52,285</u>	<u>619,677</u>	<u>42,558</u>	<u>(33,836)</u>	<u>8,152,517</u>
Result							
Segment result	352,822	(22,191)	(26,630)	22,176	8,873	-	335,050
Interest income							8,950
Net foreign exchange gain							1,941
Other gains and losses							10,000
Finance cost							(10,389)
Profit before taxation continuing operations							345,552
Taxation							(161,730)
Profit for the year (continuing operations)							<u>183,822</u>
Other information							
Capital additions	16,179	21,712	275	-	-	-	38,166
Depreciation, amortisation and write-offs	12,366	35,799	3,973	-	495	-	52,633
Balance sheet							
Assets							
Segment assets	4,127,388	3,353,245	658,106	85,762	110,059	(3,186,790)	5,147,770
Consolidated total assets							<u>5,147,770</u>
Liabilities							
Segment liabilities	1,602,691	1,327,022	117,545	159,750	40,920	(1,735,485)	1,512,443
Consolidated total liabilities							<u>1,512,443</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED MARCH 31, 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, and 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 & 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

Supreme Ventures Lotteries Limited, Prime Sports (Jamaica) Limited and Big 'A' Track 2003 Limited are licensed by the Betting, Gaming and Lotteries Commission to carry out their respective activities. Effective February 28, 2013, the Company carried out an amalgamation exercise 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.

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

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

The liquidation process of these entities has not yet been completed.

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

The interim financial statements have been prepared on the historical cost basis except for the revaluation of freehold land and buildings. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED MARCH 31, 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 either providing products or services. Segment information is presented in respect of the Group's business. The primary format for business segments is based on the Group's management and internal reporting structure. Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

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

- a) Lottery
- b) Gaming & Hospitality
- c) Sports betting
- d) Pin codes
- e) Other

During the prior year the Group disposed of its financial services segment .

(e) Comparative information

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

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED MARCH 31, 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
Reclassification	-	-	-	-	-	-	-	-
Additions	-	-	9,222	4,819	2,419	11,784	77,095	105,339
Transfers	2,940	-	86,739	156,644	18,899	-	(265,222)	-
Asset write-off	-	-	-	(34,537)	-	-	-	(34,537)
Adjustments	-	-	-	(394)	394	-	(11,363)	(11,363)
Balance at March 31, 2013	<u>1,262,640</u>	<u>120,348</u>	<u>447,774</u>	<u>823,877</u>	<u>567,872</u>	<u>148,815</u>	<u>988</u>	<u>3,372,314</u>
Accumulated Depreciation								
Balance at January 1, 2013	-	15,545	193,496	563,704	342,895	64,250	-	1,179,890
Depreciation expense	6,490	752	10,362	21,030	5,483	5,865	-	49,982
Asset write-off	-	-	-	(19,654)	-	57	-	(19,597)
Balance at March 31, 2013	<u>6,490</u>	<u>16,297</u>	<u>203,858</u>	<u>565,080</u>	<u>348,378</u>	<u>70,172</u>	<u>-</u>	<u>1,210,275</u>
Balance at March 31, 2013	<u>1,256,150</u>	<u>104,051</u>	<u>243,916</u>	<u>258,797</u>	<u>219,494</u>	<u>78,643</u>	<u>988</u>	<u>2,162,039</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 THREE MONTHS ENDED MARCH 31, 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
Balance at March 31, 2013	64,199	49,044	80,558	571,681	765,482
Accumulated Amortisation					
Balance at January 1, 2013	54,457	20,271	16,112	-	90,840
Amortisation expense	2,529	2,017	2,015	-	6,561
Balance at March 31, 2013	56,986	22,288	18,127	-	97,401
Balance at March 31, 2013	7,213	26,756	62,431	571,681	668,081
December 31, 2012	9,742	28,773	64,446	571,681	674,642
	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-12</u>		
Acquired goodwill					
Gaming operations	381,728	381,728	381,728		
Lottery operations	189,953	189,953	189,953		
	<u>571,681</u>	<u>571,681</u>	<u>571,681</u>		

6. LONG-TERM RECEIVABLES

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.

The balance outstanding at March 31, 2013 amounting to US\$3,888,241 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 3 months LIBOR. Interest accrued as at March 31, 2013 amounts to US\$27,570 (J\$2,687,447).

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED MARCH 31, 2013**
(Expressed in thousands of Jamaican dollars)

7. TRADE AND OTHER RECEIVABLES

	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-12</u>
Trade receivables	540,480	471,517	482,531
Less: Allowances for irrecoverable debts (See note a)	<u>(168,741)</u>	<u>(152,417)</u>	<u>(76,069)</u>
	371,739	319,100	406,462
Current portion of long term receivables	23,343	26,230	20,440
Other receivables and prepayments	<u>209,524</u>	<u>265,252</u>	<u>264,841</u>
	<u><u>604,606</u></u>	<u><u>610,582</u></u>	<u><u>691,743</u></u>

Included in trade receivables are amounts of \$494 million (December, 2012: \$423 million; March, 2012: \$379.8 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.

8. 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 granted to Supreme Ventures Lotteries Limited (SVLL). This licence expires on the 10 January 2033. As a condition of the licence SVLL is required to establish a dedicated bank account into which will be paid funds to ensure that on a continuous basis throughout the term of the licence, the credit balance on that account is not less than 100% of the aggregate amount of SVLL liabilities which includes:

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

	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-12</u>
Dedicated Cash Account	<u>905,290</u>	<u>709,591</u>	<u>513,409</u>
Aggregate Liabilities	<u><u>517,656</u></u>	<u><u>559,721</u></u>	<u><u>380,854</u></u>

**SUPREME VENTURES LIMITED
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9. LONG-TERM LIABILITIES

	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-12</u>
Obligation under finance lease (March, 2012 US\$ 397,683)	-	-	34,710
Bank loans	<u>324,067</u>	<u>359,263</u>	<u>347,591</u>
	<u>324,067</u>	<u>359,263</u>	<u>382,301</u>
These loans are payable as follows:			
Within one year	142,401	142,708	211,079
In the remaining years	<u>181,666</u>	<u>216,555</u>	<u>171,222</u>
	<u>324,067</u>	<u>359,263</u>	<u>382,301</u>

The non-revolving J\$ loan obtained from the Bank of Nova Scotia Jamaica Limited (BNS) is repayable in quarterly installments over a period of five years. The interest on these loan ranges from 8.95% to 12.5%.

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 Supreme Ventures Lotteries 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.
- (iv) Corporate Guarantee issued by Supreme Ventures Lotteries Limited stamped for \$468.134 million and to be endorsed by the Betting Gaming and Lotteries Commission (BGLC).
- (v) Hypothecated term deposits stamped to cover \$5.8 million.

10. TRADE AND OTHER PAYABLES

	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-12</u>
Trade payables	135,625	241,844	221,216
Service contractor fees	566,678	261,173	331,856
Contributions payable to chase fund	125,108	159,238	67,876
Contributions payable to betting, gaming and lotteries commission	116,997	16,789	18,618
Government taxes payable	62,510	46,052	41,251
Other payables and accruals	<u>107,335</u>	<u>243,433</u>	<u>82,244</u>
	<u>1,114,253</u>	<u>968,529</u>	<u>763,061</u>

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

11. REVENUE

Analysis of the revenue is as follows:

	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-12</u>
Lottery	6,447,083	26,078,289	7,242,232
Sports Betting	75,050	230,314	52,285
Unclaimed prizes	14,296	110,791	23,322
Gaming revenue (net wins)	109,351	636,325	177,925
Hospitality and related revenue	2,087	77,780	21,068
Pin codes	744,208	2,516,590	619,677
Others	15,763	76,057	16,008
	<u>7,407,838</u>	<u>29,726,146</u>	<u>8,152,517</u>

12. DIRECT EXPENSES

a) Analysis of direct expenses is as follows:

	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-12</u>
Lottery and Sports betting prizes	4,252,766	17,643,396	5,066,342
Service contractor fees	350,410	1,248,220	361,254
Agents' commissions	320,277	1,292,400	356,697
Good cause fees	279,995	1,198,713	321,226
Lottery and gaming tax	404,069	1,556,356	403,026
Contributions to BGLC	84,459	278,249	77,193
Hospitality and related services	1,795	66,963	17,866
Pin codes	669,523	2,259,971	558,665
Commissions - pin codes	48,505	165,912	40,836
	<u>6,411,799</u>	<u>25,710,180</u>	<u>7,203,105</u>

b) Prizes

- (i) Cash Pot - All prizes are fixed. The prize won for correctly matching the winning number is \$26 for each \$1 wagered.
- (ii) Lucky 5 - Prizes for this game are based on the predetermined prize structure.
- (iii) Dollaz! - Prizes for this game are fixed based on each \$10 per play per spot. The prize paid will depend on how much of the winning numbers are correctly matched.
- (iv) Super Lotto - Prize liabilities are based on the actual winning combination of numbers for each draw with the amount allocated to prizes being a predetermined percentage of sales.
- (v) Lotto, Super Lotto, Prime Time and Daily Bingo - Prizes are based on the actual winning combination of numbers for each draw with the amount allocated to prizes being a predetermined percentage of actual sales.
- (vi) Pick 2, Pick 3 and Pick 4 - Prizes are computed based on the actual winning combination of numbers for each draw.
- (vii) Instant - Prizes are accrued as an estimate based on a predetermined prize structure for each game.
- (viii) Sports Betting - All prizes are fixed. The prize won is based on the amount wagered multiplied by the odds of the selected event(s) printed on the ticket, which were the valid ones while it was played.

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

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

13. OPERATING EXPENSES

	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-12</u>
Staff costs (Note a below)	154,023	689,788	174,734
Rental and utilities	62,677	249,450	60,584
Marketing and business development	57,752	313,729	58,163
Professional fees	66,655	215,359	47,319
Draw expenses	32,886	161,077	32,942
Bad debts	16,355	104,946	3,485
Security	23,790	82,906	18,778
GCT irrecoverable	31,862	157,884	32,806
Licences and other fees	8,671	26,168	6,512
Depreciation and amortisation charges	56,543	220,760	52,633
Disposal of property, plant and equipment	14,940	32,636	-
Bank charges	17,642	31,525	7,863
Others	110,473	371,089	118,542
	<u>654,268</u>	<u>2,657,317</u>	<u>614,362</u>

a. Staff costs

	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-12</u>
Salaries and other employee benefits	136,313	623,239	156,899
Statutory contributions	14,513	51,809	12,204
Pension contributions	3,197	14,740	5,631
	<u>154,023</u>	<u>689,788</u>	<u>174,734</u>

14. TAXATION

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

	<u>31-Mar-13</u>	<u>31-Dec-12</u>	<u>31-Mar-12</u>
Profit before taxation	383,050	1,449,901	345,552
Tax at the domestic income tax rate of 25% / 33 $\frac{1}{3}$ %	95,763	483,300	115,184
Deferred tax recognised on tax losses for current year	-	-	-
Tax effect of expenses disallowed for tax purposes	1,968	32,967	25,069
Net deferred tax asset not recognised	-	-	21,477
Tax effect on non-taxable income	-	(405)	-
Net deferred tax asset written off	20,745	-	-
Tax effect on private motor vehicles	3,000	6,749	-
Prior period deferred tax recognised in the current year	-	(255,654)	-
Tax effect of tax loss not recognised	-	5,956	-
Effect of change of tax rate	(39,369)	105,083	-
Other	-	(1,116)	-
	<u>82,107</u>	<u>376,880</u>	<u>161,730</u>

**SUPREME VENTURES LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
UNAUDITED THREE MONTHS ENDED MARCH 31, 2013**
(Expressed in thousands of Jamaican dollars)

15. 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 Courts 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 courts in Jamaica in favour of the Company and some of its shareholders, per Epsilon Global Equities suit above. The Attorneys representing the defendants expect their position to be upheld by the Florida Courts, as has been successfully done in the Jamaican Courts.

The Florida Federal Bankruptcy Court on the 12th April 2013 delivered a provisional advice that the claims against Supreme Ventures Limited as pleaded were not well founded and should be dismissed.

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 – Big 'A' Track 2003 Limited

In accordance with requirements of the Betting, Gaming and Lotteries Act to grant Bookmakers permit, the subsidiary Big 'A' Track 2003 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.

SUPREME
 **VENTURES**
Shareholdings

SUPREME VENTURES LIMITED
TEN LARGEST SHAREHOLDERS (as at 31st March 2013)

Name				
Account (s)		Joint Holders/Connected Interest	Volume	Percentage
Intralot Caribbean Ventures Limited			1,315,895,445.00	49.90
			1,315,895,445.00	49.90
Ian Kent Lewy			314,929,440.00	11.94
		Matthew Kent Lewy	4,000,000.00	0.15
			318,929,440.00	12.09
Paul Hoo			192,874,139.00	7.31
			20,000,000.00	0.76
		Susan Elizabeth Hoo	1,186,500.00	0.04
(TTCD)			13,508,220.00	0.51
			227,568,859.00	8.62
Janette Stewart			179,035,112.00	6.79
		Steven A. Hudson	587,433.00	0.02
			179,622,545.00	6.81
Stephen Roger Castagne			136,265,658.00	5.17
			136,265,658.00	5.17
Mayberry Co A/C 120008			66,553,514.00	2.52
			66,553,514.00	2.52
Sunfisher Corporation			24,648,118.00	0.93
			24,648,118.00	0.93
Keith Binns			20,000,000.00	0.76
		Lurline Binns	20,000,000.00	0.76
			20,000,000.00	0.76
Mayberry West Indies Limited			19,528,547.00	0.74
			19,528,547.00	0.74
TW Metals Ltd.			18,257,457.00	0.69
			18,257,457.00	0.69

SUPREME VENTURES LIMITED
DIRECTORS' SHAREHOLDINGS (as at 31st March 2013)

Directors Name	Primary Holder	Joint Holders/Connected Interest	Volume	Percentage
Paul Hoo			192,874,139.00	7.3134
			20,000,000.00	0.7584
		Susan Elizabeth Hoo	1,186,500.00	0.0450
(TTCD)			13,508,220.00	0.5122
			227,568,859.00	8.6290
Ian Kent Levy				
			314,929,440.00	11.9416
		Matthew Kent Levy	4,000,000.00	0.1517
			318,929,440.00	12.0932
Steven A. Hudson				
	Janette Stewart	Steven A. Hudson	587,433.00	0.0223
			587,433.00	0.0223
Brian R. George				
			2,090,941.00	0.0793
(TTCD)			155,706.00	0.0059
			2,246,647.00	0.0852
John George Graham				
		Tracey Elaine Adams-Goldson	1,000.00	0.0000
			1,000.00	0.0000
Curtis Martin				
		Donalda Martin	774,867.00	0.0294
			774,867.00	0.0294
David McBean				
			2,574,867.00	0.0976
		Andrew McBean	1,500,000.00	0.0569
			4,074,867.00	0.1545
Barrington Chisholm				
			994,871.00	0.0377
			994,871.00	0.0377
Georgios Sampson			Nil	Nil
			Nil	Nil
Nicholas Mouttet			Nil	Nil
			Nil	Nil
Nikolaos Nikolakopoulos			Nil	Nil
			Nil	Nil

SUPREME VENTURES LIMITED
TRADES IN EXCESS OF 5,000,000 UNITS
(as at 31st March 2013)

Name		TRX	Trade	Settlement	
Account (s)	Joint	Type	Date	Date	Volume
No Trades 5,000,000 and over for the period					



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