



# Unaudited Financial Statements

30<sup>th</sup> June 2013



**Report of the Board of Directors  
Unaudited Financial Statements 30<sup>th</sup> June 2013**

The Board of Directors of Supreme Ventures Limited announces the unaudited financial results for the six-month period 1<sup>st</sup> January 2013 to 30<sup>th</sup> June 2013.

The Group's total revenues grew by 4% for the six-month financial period to \$16.062B or \$626.802M increase, compared to \$15.435B for the corresponding period in 2012. Despite the growth in revenues, the net profit after tax of \$400.899M for the six-month period represented a 20.82% decline when compared to \$506.327M in the six-month period of 2012. The decrease in net profit after tax was directly attributable to higher-than-designed lottery game liabilities and the impact of increased taxation on the gaming sector, which came into effect on 1<sup>st</sup> April 2013.

The Group's increase in total revenues for the six-month financial period was due mainly to increases in lottery, sports betting and Pin Code revenues. Cash Pot benefitted from the incremental revenues arising from a Coloured Ball Promotion in Q2 (8<sup>th</sup> April to 4<sup>th</sup> May). The Company began Sunday/holiday lottery sales and game draws on 1<sup>st</sup> April 2013. The additional selling days positively impacted the revenues for the financial period, with Sunday sales contributing over \$700M to the revenues. The impact of the Sunday sales on total revenues was however countered by a reduction in unclaimed prizes of \$44M, lower net win of \$119M from VLT gaming due to delayed opening of the refurbished Acropolis lounges and Odyssey, and \$38M from discontinued hospitality operations. The Company no longer retains 50% of unclaimed prizes. This is now paid over to the BGLC as of 1<sup>st</sup> March 2013, under new Regulatory measures for the lottery licence.

It should be noted 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.

EBITDA was \$643M or \$339M below the comparative six-month period in 2012 and Earnings per Share of \$0.15 compared to \$0.19 in 2012.

A look at Q2 for 2013 (1<sup>st</sup> April to 30<sup>th</sup> June) revealed a net profit after tax of \$99.956M compared to \$322.378M for Q2 in 2012.

A comparison of Q2 versus Q1 for 2013 revealed the following:

- \$5.41B in lottery and sports betting prize payments for Q2 compared to \$4.25B in Q1.
- \$374.28M in service contractor fees for Q2 compared to \$350.41M in Q1
- \$277.3M in Good Cause Fees (CHASE) for Q2 compared to \$320.28M in Q1
- \$465.07M in lottery and gaming tax for Q2 compared to \$404.07M in Q1
- \$139.38M to BGLC for Q2 compared to \$84.46M in Q1
- \$811.77M in PIN Codes fees in Q2 compared to \$669.52M in Q1

We continue to remind our investors that volatilities in game liabilities can adversely impact profitability in any financial period. Cash Pot liabilities were 73.65% at the end of Q2 of 2013, that is, higher than the game design of 72.22% and when compared to 70.30% for the comparative period in 2012. This resulted in additional prize liabilities of approximately \$154M in Q2 of 2013. 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 six-month periods.

The Super Lotto and Lotto games performed well during the period under review. Super Lotto benefitted from the 'Doubler' prize payout promotion started on 15<sup>th</sup> June 2013. The value of all subsidiary prizes was doubled during the promotion period. The Super Lotto Jackpot at the end of the financial period was \$180.5M. There were 3 Lotto Jackpot winners in Q2 at \$95M, \$15M and \$21M respectively.

Sports betting revenue was increased by \$28.47M or 27.84% for the six-month period under review, in comparison to the same period in 2012. This was attributable to the wider distribution of terminals this year, which facilitated the high interest in betting on the final stages of the English Premier League; UEFA Champions League and the NBA. We continue to be challenged by the slow rate in gaining approvals to increase the 3<sup>rd</sup> party distribution network of sports betting terminals islandwide.

A dividend payment of \$0.08 per share and amounting to \$211M related to the Q1 financial results of 2013 was paid on 17<sup>th</sup> June 2013. SVL continues to execute an aggressive dividend payment policy, of quarterly payments based on the company's performance.

## **Announcements**

Miss Lorna Gooden was appointed as the Company's Corporate Secretary effective 4<sup>th</sup> June 2013. She replaced Miss Winsome Minott, who resigned from the post of Company Secretary.

Messrs. Peter Chin and Ian Moore were appointed Directors of the Company effective 4<sup>th</sup> June 2013. They replaced retired former Directors, Mr. Curtis Martin and Dr. David McBean.

The amalgamation and merger of Prime Sports (Jamaica) Limited, Supreme Ventures Lotteries Limited, Big 'A' Track 2003 Limited and Supreme Ventures Financial Services Limited is now complete.

The Board of Directors met on 2<sup>nd</sup> August 2013 and has declared a dividend of \$0.03 per share payable on 2<sup>nd</sup> September 2013 to shareholders on record as at 20<sup>th</sup> August 2013. The ex-dividend date is 16<sup>th</sup> August 2013. For the half year 2013, the company has declared \$0.11 per share for dividend payment compared to \$0.14 for the same period in 2012.

## **Outlook For The Future**

The third quarter is expected to be a continuation of the challenging times faced by many local companies, as the limited disposable income of many consumers will be directed towards back-to-school expenses.

We await amendments to the Betting Gaming & Lotteries Act that will allow full roll out of the terminal distribution network and Sunday sales for sports betting.

The Company will continue its thrust to reduce lottery agent delinquency and aggressively pursue the collection of cash outstanding from its agent base.

While game liabilities will 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**  
**SIX-MONTHS ENDED 30<sup>th</sup> JUNE 2013**

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

		Unaudited Six Months Ended June 30, 2013	Audited Year Ended December 31, 2012	Unaudited Six Months Ended June 30, 2012
<b>ASSETS</b>				
	Notes			
<b>Non-current assets</b>				
Property and equipment	4	2,174,582	2,132,985	1,968,633
Goodwill and other intangibles	5	661,857	674,642	690,128
Long-term receivable	6	366,431	333,665	325,114
Available-for-sale investments	7	11,279	14,759	16,883
Investment in joint venture		34,221	34,221	34,221
Deferred tax assets	8	275,424	315,248	73,870
Other assets	9	30,651	5,908	-
		3,554,445	3,511,428	3,108,849
<b>Current assets</b>				
Income tax recoverable		11,727	-	-
Inventories		17,694	48,418	93,999
Trade and other receivables	10	722,974	610,582	645,110
Cash and bank balances	11	1,003,628	1,660,455	1,448,778
		1,756,023	2,319,455	2,187,887
<b>Total assets</b>		5,310,468	5,830,883	5,296,736
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Share capital		1,967,183	1,967,183	1,967,183
Capital reserves		62,486	62,486	62,486
Revaluation reserves		228,252	237,163	160,573
Retained earnings		1,682,086	1,755,893	1,509,335
		3,940,007	4,022,725	3,699,577
<b>Non-current liabilities</b>				
Long-term liabilities	12	146,778	216,555	353,000
<b>Current liabilities</b>				
Trade and other payables	13	900,698	968,529	823,152
Current portion of long-term liabilities	12	141,848	142,708	101,163
Prizes liabilities		181,137	337,642	189,669
Income tax payable		-	142,724	130,175
		1,223,683	1,591,603	1,244,159
<b>Total equity and liabilities</b>		5,310,468	5,830,883	5,296,736

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

Approved and authorized for issue by the Board of Directors on 2nd August 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 June 30, 2013**  
(Expressed in thousands of Jamaican dollars)

	Notes	Unaudited Six Months Ended June 30, 2013	Unaudited Six Months Ended June 30, 2012	Unaudited Three Months Ended June 30, 2013	Unaudited Three Months Ended June 30, 2012
<b>Continuing operations</b>					
Revenue	14	16,062,292	15,435,490	8,654,454	7,282,973
Direct expenses	15	(14,337,695)	(13,350,769)	(7,925,896)	(6,147,664)
Gross profit		1,724,597	2,084,721	728,558	1,135,309
Operating expenses	16	(1,322,632)	(1,243,868)	(668,364)	(629,506)
Profit from operations		401,965	840,853	60,194	505,803
Interest income		23,168	23,596	11,150	14,646
Net foreign exchange gain		30,079	11,389	5,311	9,448
Finance costs		(16,167)	(19,886)	(7,660)	(9,497)
Other gains and losses		80,154	20,000	67,154	10,000
<b>Profit before taxation from continuing operations</b>		519,199	875,952	136,149	530,400
Taxation	17	(118,300)	(366,625)	(36,193)	(204,890)
<b>Profit for the period from continuing operations</b>		400,899	509,327	99,956	325,510
<b>Discontinued operations</b>					
Loss from discontinued operations		-	(3,132)	-	(3,132)
<b>Profit for the period</b>		400,899	506,195	99,956	322,378
<b>Other comprehensive income</b>					
Net deferred tax relating to other comprehensive income		(8,911)	223	(469)	111
Other comprehensive income for the period		(8,911)	223	(469)	111
<b>Total comprehensive income for the period</b>		391,988	506,418	99,487	322,489
<b>Earnings per stock</b>					
<b>From continuing and discontinued operations</b>					
Basic		15 Cents	19 Cents	4 Cents	12 Cents
Diluted		15 Cents	19 Cents	4 Cents	12 Cents



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

	Share Capital	Capital Reserves	Revaluation Reserves	Retained Earnings	Total
<b>Unaudited Six Months Ended 30th June 2013</b>					
Balance at January 1, 2013	1,967,183	62,486	237,163	1,755,893	4,022,725
Profit for the period	-	-	-	400,899	400,899
Other comprehensive income for the period, net of tax	-	-	(8,911)	-	(8,911)
Dividend paid	-	-	-	(474,706)	(474,706)
Balance at June 30, 2013	<u>1,967,183</u>	<u>62,486</u>	<u>228,252</u>	<u>1,682,086</u>	<u>3,940,007</u>
<b>Unaudited Six Months Ended 30th June 2012</b>					
Balance at January 1, 2012	1,967,183	62,486	160,350	1,293,238	3,483,257
Profit for the period	-	-	-	506,195	506,195
Other comprehensive income for the period, net of tax	-	-	223	-	223
Dividend paid	-	-	-	(290,098)	(290,098)
Balance at June 30, 2012	<u>1,967,183</u>	<u>62,486</u>	<u>160,573</u>	<u>1,509,335</u>	<u>3,699,577</u>

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

(Expressed in thousands of Jamaican dollars)

	Unaudited Six Months Ended June 30, 2013	Audited Year Ended December 31, 2012	Unaudited Six Months Ended June 30, 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit	400,899	1,069,224	506,195
Adjustments for:			
Depreciation of property and equipment	101,788	191,187	92,383
Amortisation of intangible assets	13,451	29,573	13,294
Impairment of property and equipment	15,311	197	3,987
Gain on disposal of property and equipment	(351)	28,286	(246)
Impairment of available for sale investment	3,480	2,124	-
Amortisation of other assets	2,965	656	-
Unrealised exchange loss (gain) on long-term liabilities	1,364	(832)	588
Exchange (gain) loss on long-term receivable	34,145	(25,438)	-
Effect of exchange rate changes on cash and cash equivalents	(5,697)	(12,158)	-
Impairment loss recognised on trade & other receivables	16,112	104,946	8,987
Interest income	(23,168)	(53,098)	(23,596)
Interest expenses	16,167	39,791	19,886
Income tax expenses	118,300	375,614	366,625
Operating cash flow before movement in working capital	694,766	1,750,072	988,103
Decrease (increase) in operating assets			
Inventories	30,724	53,395	7,814
Trade and other receivables	(119,303)	(254,602)	(193,303)
(Decrease) increase in operating liabilities			
Trade and other payables	(130,649)	232,314	75,032
Prizes liabilities	(160,735)	73,341	(74,632)
Cash generated by operations	314,803	1,854,520	803,014
Income tax paid	(235,965)	(679,783)	(435,760)
Interest paid	(13,875)	(37,034)	(19,059)
Cash provided by operating activities	64,963	1,137,703	348,195
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment	(173,710)	(309,011)	(102,525)
Acquisition of intangible assets	(666)	(1,079)	(286)
Acquisition of other assets	(27,709)	(6,564)	-
Proceeds on disposal of property and equipment	4,011	4,350	2,970
Long-term receivables	3,445	3,564	-
Interest received	11,626	44,497	23,347
Cash used in investing activities	(183,003)	(264,243)	(76,494)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	(474,706)	(606,569)	(290,098)
Loans received	-	100,000	100,000
Loans repaid	(69,778)	(106,222)	(36,444)
Lease obligations paid	-	(30,849)	(14,858)
Cash used in financing activities	(544,484)	(643,640)	(241,400)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(662,524)	229,820	30,301
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	1,660,455	1,418,477	1,418,477
Effect of exchange rate changes on the balance of cash held in foreign currency	5,697	12,158	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	1,003,628	1,660,455	1,448,778

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

**PERIOD ENDED JUNE 30, 2013**

	2013						Group
	Lottery	Gaming & Hospitality	Sports Betting	Pin Codes	Other	Eliminations	
External revenue	14,020,196	239,427	131,321	1,638,671	32,678	-	16,062,292
Inter-segment revenue	-	3,829	-	-	128,368	(132,197)	-
<b>Total revenue</b>	<u>14,020,196</u>	<u>243,256</u>	<u>131,321</u>	<u>1,638,671</u>	<u>161,046</u>	<u>(132,197)</u>	<u>16,062,292</u>
<b>Result</b>							
Segment result	897,075	(273,313)	(37,289)	54,559	(59,712)	(179,355)	401,965
Interest income							23,168
Net foreign exchange gain							30,079
Other gains and losses							80,154
Finance cost							(16,167)
Profit before taxation continuing operations							<u>519,199</u>
Taxation							<u>(118,300)</u>
<b>Profit for the year (continuing operations)</b>							<u><u>400,899</u></u>
<b>Other information</b>							
Capital additions	41,516	107,533	24,007	-	1,320	-	174,376
Depreciation, amortisation and write-offs	16,831	89,361	7,649	-	16,709	-	130,550
<b>Balance sheet</b>							
<b>Assets</b>							
Segment assets	1,811,205	2,265,007	158,286	12,722	82,504	980,744	<u>5,310,468</u>
Consolidated total assets							<u><u>5,310,468</u></u>
<b>Liabilities</b>							
Segment liabilities	560,243	142,080	31,722	297,135	45,512	293,769	<u>1,370,461</u>
Consolidated total liabilities							<u><u>1,370,461</u></u>

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

**PERIOD ENDED JUNE 30, 2012**

	2012						Group
	Lottery	Gaming & Hospitality	Sports Betting	Pin Codes	Other	Eliminations	
External revenue	13,674,897	397,326	102,256	1,228,661	32,350	-	15,435,490
Inter-segment revenue	-	20,005	-	-	50,040	(70,045)	-
<b>Total revenue</b>	<u>13,674,897</u>	<u>417,331</u>	<u>102,256</u>	<u>1,228,661</u>	<u>82,390</u>	<u>(70,045)</u>	<u>15,435,490</u>
<b>Result</b>							
Segment result	908,855	(74,087)	(58,014)	44,008	20,091	-	840,853
Interest income							23,596
Net foreign exchange gain							11,389
Other gains and losses							20,000
Finance cost							(19,886)
Profit before taxation continuing operations							875,952
Taxation							(366,625)
<b>Profit for the year (continuing operations)</b>							<u>509,327</u>
<b>Other information</b>							
Capital additions	49,833	51,919	1,059	-	-	-	102,811
Depreciation, amortisation and write-offs	22,194	77,321	9,081	-	1,068	-	109,664
<b>Balance sheet</b>							
<b>Assets</b>							
Segment assets	4,376,139	3,428,597	646,197	102,383	110,328	(3,366,908)	5,296,736
Consolidated total assets							<u>5,296,736</u>
<b>Liabilities</b>							
Segment liabilities	1,611,468	1,389,240	118,342	250,267	43,446	(1,815,604)	1,597,159
Consolidated total liabilities							<u>1,597,159</u>

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
UNAUDITED SIX-MONTHS ENDED 30<sup>th</sup> JUNE 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 4<sup>th</sup> 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 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 SIX MONTHS ENDED 30<sup>th</sup> JUNE 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 SIX MONTHS ENDED 30<sup>th</sup> JUNE 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
<b>Cost/Valuation</b>								
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	347	-	9,760	10,145	7,685	37,668	108,105	173,710
Transfers	2,940	-	86,739	156,644	18,899	-	(265,222)	-
Asset write-off	-	-	-	(34,536)	(1,021)	-	-	(35,557)
Disposals	-	-	-	-	-	(21,813)	-	(21,813)
Transfers to other assets	-	-	-	-	-	-	(11,363)	(11,363)
<b>Balance at June 30, 2013</b>	<b>1,262,987</b>	<b>120,348</b>	<b>448,312</b>	<b>829,598</b>	<b>571,723</b>	<b>152,886</b>	<b>31,998</b>	<b>3,417,852</b>
<b>Accumulated Depreciation</b>								
Balance at January 1, 2013	-	15,545	193,496	563,704	342,895	64,250	-	1,179,890
Depreciation expense	12,995	1,504	21,698	43,474	11,289	10,818	-	101,778
Asset write-off	-	-	-	(19,655)	(591)	-	-	(20,246)
Disposals	-	-	-	-	-	(18,152)	-	(18,152)
<b>Balance at June 30, 2013</b>	<b>12,995</b>	<b>17,049</b>	<b>215,194</b>	<b>587,523</b>	<b>353,593</b>	<b>56,916</b>	<b>-</b>	<b>1,243,270</b>
<b>Balance at June 30, 2013</b>	<b>1,249,992</b>	<b>103,299</b>	<b>233,118</b>	<b>242,075</b>	<b>218,130</b>	<b>95,970</b>	<b>31,998</b>	<b>2,174,582</b>
<b>December 31, 2012</b>	<b>1,259,700</b>	<b>104,803</b>	<b>158,317</b>	<b>133,641</b>	<b>203,265</b>	<b>72,781</b>	<b>200,478</b>	<b>2,132,985</b>

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  
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**5. GOODWILL & OTHER INTANGIBLES**

	Computer Software	Licences	Software Usage Rights	Goodwill	Total
<b>Cost</b>					
Balance at					
January 1, 2013	64,199	49,044	80,558	571,681	765,482
Additions	666				666
Balance at					
June 30, 2013	64,865	49,044	80,558	571,681	766,148
<b>Accumulated Amortisation</b>					
Balance at					
January 1, 2013	54,457	20,271	16,112	-	90,840
Amortisation expense	4,897	4,524	4,030	-	13,451
Balance at					
June 30, 2013	59,354	24,795	20,142	-	104,291
Balance at					
June 30, 2013	5,511	24,249	60,416	571,681	661,857
December 31, 2012	9,742	28,773	64,446	571,681	674,642
	<u>Jun-13</u>	<u>31-Dec-12</u>	<u>30-Jun-12</u>		
<b>Acquired goodwill</b>					
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 June 30, 2013 amounting to US\$3,868,582 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 June 30, 2013 amounts to US\$27,570 (J\$2,685,048).



**SUPREME VENTURES LIMITED  
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**7. AVAILABLE-FOR-SALE INVESTMENTS**

	<u>30-Jun-13</u>	<u>31-Dec-12</u>	<u>30-Jun-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>(3,480)</u>	<u>(2,124)</u>	<u>-</u>
Quoted balance	<u>9,396</u>	<u>12,876</u>	<u>15,000</u>
Unquoted and quoted balance	<u><u>11,279</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 June 30, 2013 (and December 31, 2012).

**8. DEFERRED TAXATION**

	<u>30-Jun-13</u>	<u>31-Dec-12</u>	<u>30-Jun-12</u>
Deferred tax assets	408,222	414,526	176,784
Less: Deferred tax liabilities	<u>(132,798)</u>	<u>(99,278)</u>	<u>(102,914)</u>
	<u><u>275,424</u></u>	<u><u>315,248</u></u>	<u><u>73,870</u></u>
	<u>30-Jun-13</u>	<u>31-Dec-12</u>	<u>30-Jun-12</u>
Opening balance	315,248	61,098	61,098
(Credited) charged to equity for the period	(8,911)	(5,979)	223
Credited (charged) to income for the period	<u>(30,913)</u>	<u>260,129</u>	<u>12,549</u>
Closing balance	<u><u>275,424</u></u>	<u><u>315,248</u></u>	<u><u>73,870</u></u>

**9. OTHER ASSETS**

	<u>30-Jun-13</u>	<u>31-Dec-12</u>	<u>30-Jun-12</u>
Balance at January 1	5,908		-
Acquired during the year	28,365	6,564	-
Less: Amortisation	<u>(3,622)</u>	<u>(656)</u>	<u>-</u>
	<u><u>30,651</u></u>	<u><u>5,908</u></u>	<u><u>-</u></u>

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.

**SUPREME VENTURES LIMITED  
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**10. TRADE AND OTHER RECEIVABLES**

	<u>30-Jun-13</u>	<u>31-Dec-12</u>	<u>30-Jun-12</u>
Trade receivables	630,553	471,517	472,610
Less: Allowances for irrecoverable debts (See below)	<u>(168,529)</u>	<u>(152,417)</u>	<u>(82,458)</u>
	462,024	319,100	390,152
Current portion of long term receivables	26,028	26,230	20,440
Other receivables and prepayments	<u>234,922</u>	<u>265,252</u>	<u>234,518</u>
	<u>722,974</u>	<u>610,582</u>	<u>645,110</u>

Included in trade receivables is an amount of \$ 598.049 million (December, 2012: \$423 million; June, 2012: \$422.9 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-Jun-13</u>	<u>31-Dec-12</u>	<u>30-Jun-12</u>
<b>Dedicated Cash Account</b>	<u>567,626</u>	<u>709,591</u>	<u>586,092</u>
<b>Aggregate Liabilities</b>	<u>356,528</u>	<u>559,721</u>	<u>305,135</u>

**SUPREME VENTURES LIMITED  
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**12. LONG-TERM LIABILITIES**

	<u>30-Jun-13</u>	<u>31-Dec-12</u>	<u>30-Jun-12</u>
Obligation under finance lease (June 2012: US\$ 281,534)	-	-	24,925
Bank loans	<u>288,626</u>	<u>359,263</u>	<u>429,238</u>
	<u>288,626</u>	<u>359,263</u>	<u>454,163</u>
These loans are payable as follows:			
Within one year	141,848	142,708	101,163
In the remaining years	<u>146,778</u>	<u>216,555</u>	<u>353,000</u>
	<u>288,626</u>	<u>359,263</u>	<u>454,163</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.

**13. TRADE AND OTHER PAYABLES**

	<u>30-Jun-13</u>	<u>31-Dec-12</u>	<u>30-Jun-12</u>
Trade payables	137,916	241,844	29,340
Service contractor fees	428,187	261,173	406,538
Contributions payable to chase fund	90,457	159,238	74,106
Contributions payable to betting, gaming and lotteries commission	37,720	16,789	15,995
Government taxes payable	47,214	46,052	31,823
Other payables and accruals	<u>159,204</u>	<u>243,433</u>	<u>265,350</u>
	<u>900,698</u>	<u>968,529</u>	<u>823,152</u>

**SUPREME VENTURES LIMITED  
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**14. REVENUE**

Analysis of the revenue is as follows:

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
Lottery	14,006,007	13,616,135
Sports Betting	130,728	102,256
Unclaimed prizes	14,782	58,762
Gaming revenue (net wins)	236,541	354,842
Hospitality and related revenue	4,806	42,484
Pin codes	1,638,671	1,228,661
Others	30,757	32,350
	<u>16,062,292</u>	<u>15,435,490</u>

**15. DIRECT EXPENSES**

a) Analysis of direct expenses is as follows:

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
Lottery and Sports betting prizes	9,658,362	9,166,571
Service contractor fees	748,017	690,211
Agents' commissions	694,559	672,804
Good cause fees	557,305	634,971
Lottery and gaming tax	869,134	822,329
Contributions to BGLC	223,843	145,651
Hospitality and related services	2,365	33,579
Pin codes	1,480,291	1,103,607
Commissions - pin codes	103,821	81,046
	<u>14,337,695</u>	<u>13,350,769</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)*

**16. OPERATING EXPENSES**

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
Staff costs (Note a below)	314,383	336,434
Rental and utilities	129,951	123,202
Marketing and business development	121,405	154,954
Legal and professional fees	139,677	95,621
Draw expenses	72,772	73,868
Bad debts	16,112	8,987
Security	47,006	39,293
GCT irrecoverable	78,185	58,838
Licences and other fees	19,379	15,528
Depreciation and amortisation charges	115,239	105,677
Disposal of property, plant and equipment	15,311	3,987
Bank charges	31,265	16,765
Complimentary tokens, food and drinks	24,521	2,777
Director's fees	25,107	15,194
Equipment and motor vehicle expense	24,360	19,430
Local and foreign travel	35,502	31,373
Subscription and donations	21,785	60,152
Insurance	13,402	11,577
Audit services	14,545	23,329
Others	62,725	46,882
	<u>1,322,632</u>	<u>1,243,868</u>

## (a) Staff costs

	<u>30-Jun-13</u>	<u>30-Jun-12</u>
Salaries and other employee benefits	280,862	299,030
Statutory contributions	27,069	26,182
Pension contributions	6,452	11,222
	<u>314,383</u>	<u>336,434</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-Jun-13</u>	<u>30-Jun-12</u>
Profit before taxation	519,199	875,952
Tax at nominal rate of 25%/30% (2012:33 $\frac{1}{3}$ %)	140,014	291,984
Tax effect of expenses disallowed for tax purposes	9,176	31,405
Net deferred tax not recognised	-	43,236
Tax effect on non-taxable income	(10,202)	-
Tax effect on private motor vehicles	11,300	-
Prior year deferred tax recognised in current year	(5,360)	-
Net effect of change in tax rate and amalgamation	(29,708)	-
Under provision from prior year	1,693	-
Other	1,387	-
	<u>118,300</u>	<u>366,625</u>

**SUPREME VENTURES LIMITED  
AND ITS SUBSIDIARIES  
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UNAUDITED SIX MONTHS ENDED 30<sup>th</sup> JUNE 2013  
(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 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 12<sup>th</sup> 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 30th June 2013)**

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



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

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

**SUPREME VENTURES LIMITED**  
**TRADES IN EXCESS OF 5,000,000 UNITS**  
**(as at 30th June 2013)**

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



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