

BETTING DIVISION QUARTERLY REPORT FOR QUARTERLY ENDED DECEMBER 2008

Introduction

This report provides information on the performance of the racing promoter, Caymanas Track Limited and ten of the eleven bookmakers. In the case of the eleventh, Olympic Sports Data Services Limited, no information was ascertained as the bookmaker is located on the Freezone in Montego Bay, St. James and accordingly, is precluded from providing information on sales.

Racing Promoter

Table I shows that, for the period under review the racing promoter generated sales of \$1.28B an increase of 10% when compared to the \$1.15B recorded over the similar period of the previous year.

The promoter's sales were generated from two betting modes, local and simulcast racing. Twenty-three local meets were conducted during the review period that realized sales of \$755M or 10% in excess of the \$685M recorded for the quarter ended December 2007. Sales on simulcast racing were conducted over seventy-eight race days and recorded an increase of 9%, as sales progressed from \$471M as at the quarter ended December 2007 to \$512M over the review period.

**TABLE 1
SUMMARY OF RACING PROMOTER SALES
QUARTERS ENDED DECEMBER 2004-2008**

	Q/E DEC. 2004	Q/E DEC. 2005	% CHANGE	Q/E DEC. 2006	% CHANGE	Q/E DEC. 2007	% CHANGE	Q/E DEC. 2008	% CHANGE
RACING PROMOTER									
LOCAL RACES	462,544,924	503,389,423	8.83%	614,757,617	22.12%	684,779,740	11.39%	755,012,316	10.26%
NO. OF RACE DAYS	23	22		22		22		23	
AVG. SALES	20,110,649	22,881,337	13.78%	27,943,528	22.12%	31,126,352	11.39%	32,826,622	5.46%
SIMULCAST RACES	349,167,583	341,243,364	-2.27%	390,459,962	14.42%	471,204,151	20.68%	512,089,683	8.68%
NO. OF RACE DAYS	78	77		77		76		78	
AVG. SALES	4,476,507	4,431,732	-1.00%	5,070,909	14.42%	6,200,055	22.27%	6,565,252	5.89%
RACING POOLS	N/A	N/A		N/A	N/A	N/A		N/A	
NO. OF POOLS DAYS									
AVG. SALES									
TOTAL FOR PROMOTER	811,712,507	844,632,787	4.06%	1,005,217,579	19.01%	1,155,983,891	15.00%	1,267,101,999	9.61%

Bookmakers

Shown at **Table 2** are the sales performances of ten of the eleven bookmakers. From twenty-three local race days and fourteen weeks of simulcast racings overall reported sales of \$728M were realized, 5% in excess of the \$696M reported during corresponding period of the previous year. Sales on local racing for the review period were \$518M or 13% in excess of \$460M recorded for the December 2007 quarter. In contrast sales on overseas horse racing declined by 8% moving from \$229M during the December quarter of 2007 to \$210M for the period under review. Such a decline may be attributed to problems between bookmakers and their overseas racing provider in accessing races from all available tracks.

It should be noted that other sporting events with sales of \$163K recorded a significant decline of 98% when compared to the similar period of the previous year during which sales of \$7M were reported. This was the second decline recorded for wagering on other sporting events over the five-year period of December ended quarters 2004-2008 as in 2006-2007 sales slipped from \$10M to \$7M.

In total the industry recorded growth of 8% over the review period when compared to the corresponding quarter of the previous year as sales progressed from \$1.852B in the December ended quarter of 2007 to \$1.995B over the review period. **Table 2** further shows that while total sales by bookmakers progressed by 5% moving from \$696M in the December ended quarter of 2007, sales by the promoter increased by 10%, moving from \$1.55B in the December ended quarter of 2007 to \$1.267B over the review period.

**TABLE 2
SUMMARY OF BOOKMAKERS SALES
QUARTERS ENDED DECEMBER 2004-2008**

	Q/E DEC. 2004	Q/E DEC. 2005	% CHANGE	Q/E DEC. 2006	% CHANGE	Q/E DEC. 2007	% CHANGE	Q/E DEC. 2008	% CHANGE
BOOKMAKERS									
LOCAL RACES	322,296,406	309,715,453	-3.90%	380,640,861	22.90%	459,809,545	20.80%	517,507,253	12.55%
NO. OF RACE DAYS	23	22		22		22		23	
AVG. SALES	14,012,887	14,077,975	0.46%	17,301,857	22.90%	20,900,434	20.80%	22,500,315	7.65%
OVERSEAS RACES	171,406,371	192,377,433	12.23%	203,094,237	5.57%	228,928,632	12.72%	210,374,663	-8.10%
NO. OF RACE WEEKS	13	14		13		14		13	
AVG. SALES	13,185,105	13,741,245	4.22%	15,622,634	13.69%	16,352,045	4.67%	16,182,666	-1.04%
Sports Event	4,285,405	3,144,886	-26.61%	9,929,509	215.74%	6,885,962	-30.65%	163,000	-97.63%
TOTAL OVERSEAS	175,691,776	195,522,319	11.29%	213,023,746	8.95%	235,814,594	10.70%	210,537,663	-10.72%
TOTAL FOR BOOKMAKERS	497,988,182	505,237,772	1.46%	593,664,607	17.50%	695,624,139	17.17%	728,044,916	4.66%
TOTAL FOR PROMOTER	811,712,507	844,632,787	4.06%	1,005,217,579	19.01%	1,155,983,891	15.00%	1,267,101,999	9.61%
TOTAL FOR THE INDUSTRY	1,309,700,689	1,349,870,559	3.07%	1,598,882,186	18.45%	1,851,608,030	15.81%	1,995,146,915	7.75%

Figures 1 & 2 provide a graphic overview of the promoter's continued dominance with regards to sales within the sector. **Figure I** shows that over the five year period 2004-2008, the promoter's sales exceeded that of bookmakers in both local and overseas racing. **Figure II** shows that for the review period the promoter was responsible for 62% of the sales generated within the industry while bookmakers shared the remaining 38%.

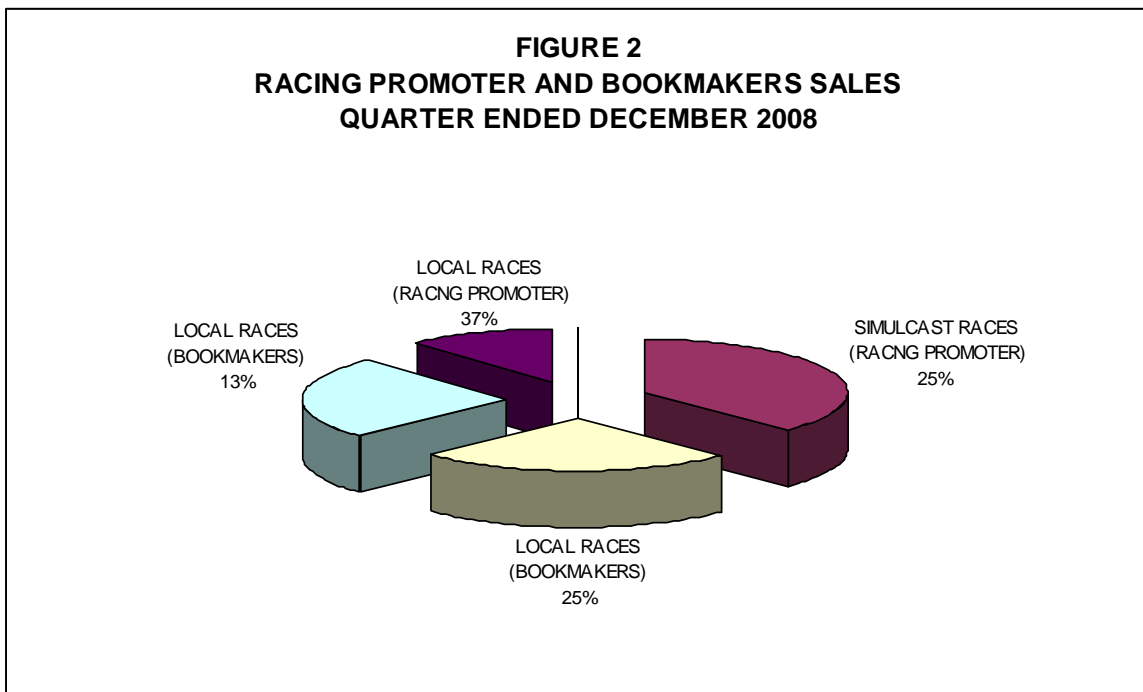
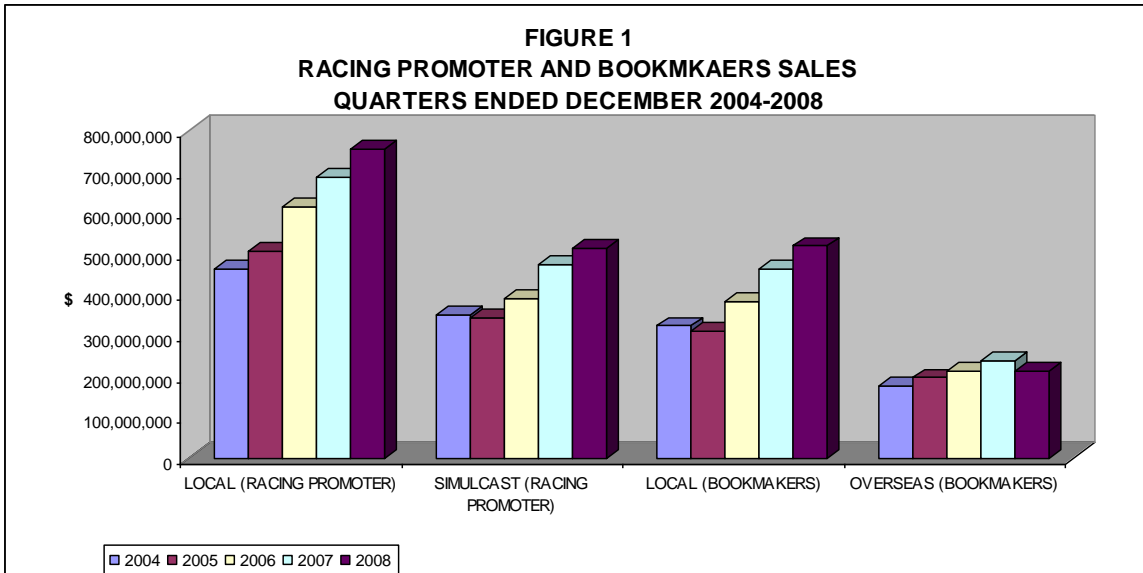
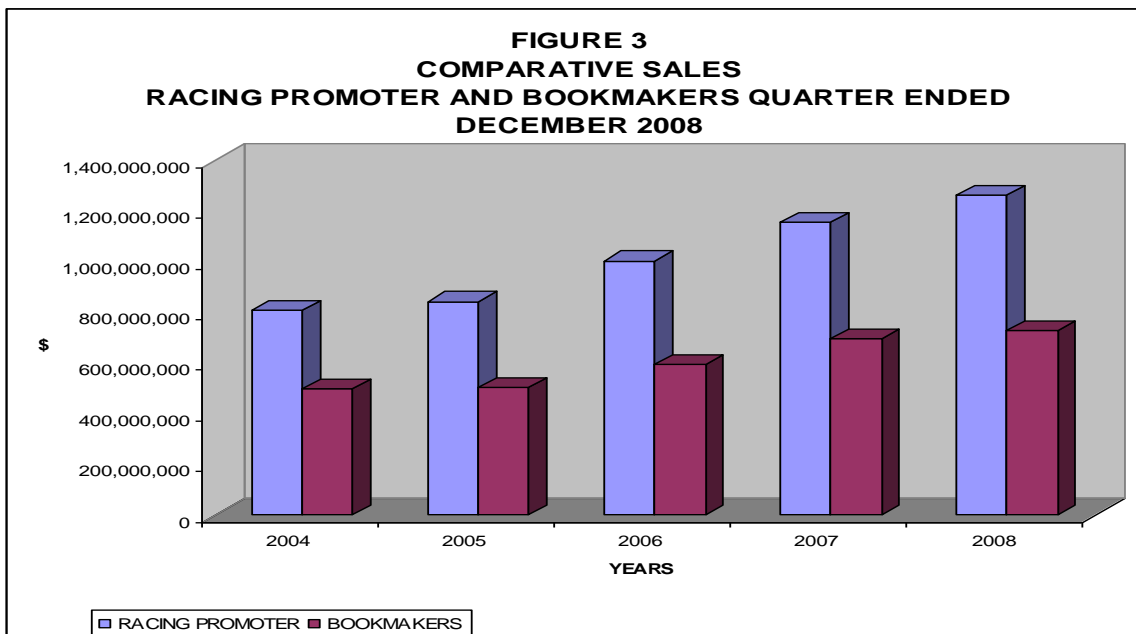


Figure 3 provides a comparative view of the sales performances of the promoter and bookmakers for the December ended quarters 2004- 2008. The promoter’s dominance is again highlighted throughout the five-year period and for the third consecutive year sales were in excess of a billion dollar.



Bookmakers sales

Presented at **Table 3 & Figure 4** is information on the sales performance of individual bookmakers over the review period. Track Price Plus Limited with 62 betting offices in operation island-wide remained the country’s leading bookmaking entity in terms of sales generated during the reviewed period. The company reported total sales of \$224M, a marginal increase on the total recorded over the December 2007 quarter. Champion Betting Company Limited with 46 betting offices was next with reported sales of \$195M or 19% in excess of that of the corresponding period of the previous year. It should also be noted that the combined sales of both bookmakers of \$420M represented 58% of total sales generated by the ten bookmakers that reported sales for the review period. In contrast Big ‘A’ Track 2003 Limited with only three betting offices recorded sales of only \$5M over the review period.

From the 335 betting offices that accepted bets on local racing, sales of \$518M were reported while from 145 betting offices that accepted bets on overseas racing total sales of \$211M were recorded.

**TABLE 3
BOOKMAKERS LOCAL AND OVERSEAS SALES
QUARTER ENDED DECEMBER 2008**

BOOKMAKERS	LOCAL RACING		OVERSEAS RACING	
	SALES \$	NO OF BETTING OFFICES OPERATED	SALES \$	NO OF BETTING OFFICES OPERATED
BIG 'A' TRACK 2003 LIMITED	4,833,590	3	N/A	N/A
CAPITAL BETTING & WAGERING LIMITED	51,776,885	52	N/A	N/A
CARIBBEAN TURF SERVICE LIMITED	34,428,459	19	N/A	N/A
CHAMPION BETTING COMPANY LIMITED	126,746,302	46	68,596,449	28
CHARLES OFF BETTING LIMITED	13,479,905	26	N/A	N/A
IDEAL BETTING COMPANY LIMITED	28,594,822	26	18,867,253	17
MARKHAM BETTING COMPANY LIMITED	82,402,449	45	25,696,891	27
POST TO POST BETTING LIMITED	10,519,282	21	N/A	N/A
SUMMIT BETTING COMPANY LIMITED	17,218,712	35	20,338,208	22
TRACK PRICE PLUS LIMITED	147,506,847	62	77,038,862	51
TOTAL	517,507,253	335	210,537,663	145

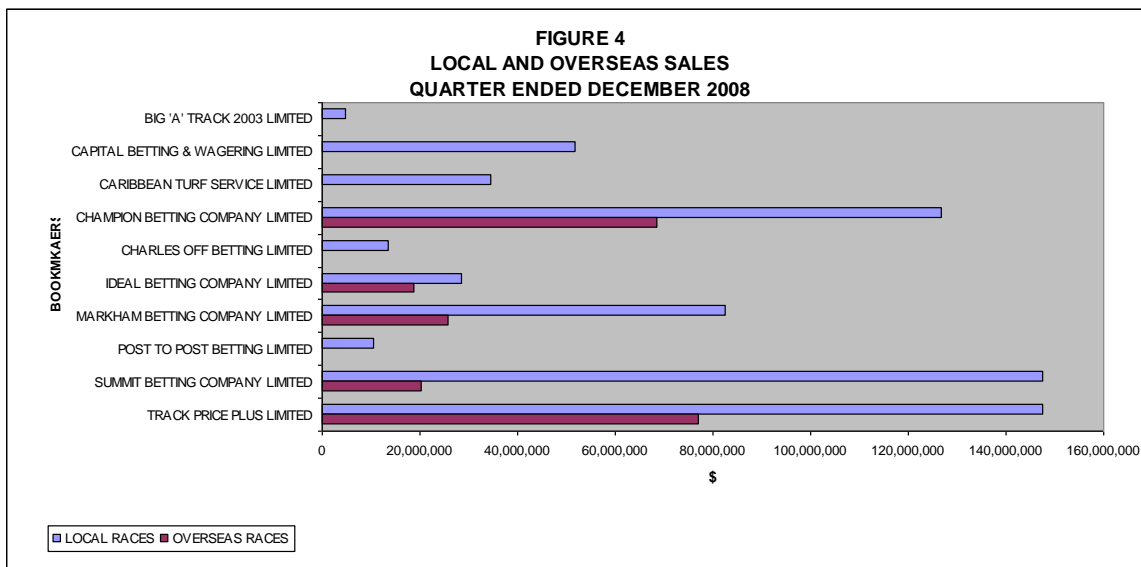


Table IV provides a comparative view of the individual sales performance of bookmakers on local and overseas races for the review period, with that of the corresponding period of the previous year. Four of the ten bookmakers reported a decline in sales on local racing over the review period with Big 'A' Track 2003 Limited recording the largest decline of 60%, as sales slipped from \$12M for the December ended quarter of 2007 to \$5M over the review period. The decline may be partially attributed to the acquisition of twenty of the

company's betting offices by Capital Betting & Wagering Limited, and accordingly the company operated only three betting offices during the period under review. The smallest decline was reported by Caribbean Turf Service Limited as sales decreased from \$35M for the December ended quarter of 2007 to \$34M for the review period a 12% decline. On the converse, the largest increase in sales was reported by Markham Betting Company Limited with sales of \$82M or 32% in excess of the \$62M reported for the corresponding period of the previous year.

All five bookmakers that accepted bets on overseas racing recorded a decline in sales when compared against the corresponding period of the previous year. The largest decline of 36% was recorded by Summit Betting Company Limited as sales decreased from \$32M for the December ended quarter of 2007 to \$20M for the review period, while Champion Betting Company Limited recorded the smallest decline with sales of \$69M, less than 1% below that of the similar period of the previous year.

**TABLE 4
INDIVIDUAL BOOKMAKERS AVERAGES
QUARTER ENDED DECEMBER 2008**

BOOKMAKERS	LOCAL 2007	LOCAL 2008	% CHANGE	OVERSEAS 2007	OVERSEAS 2008	% CHANGE
BIG 'A' TRACK (2003) LIMITED	11,965,513	4,833,590	-59.60%	N/A	N/A	
CAPITAL BETTING & WAGERING LIMITED	46,466,640	51,776,885	11.43%	N/A	N/A	
CARIBBEAN TURF SERVICE LIMITED	35,056,427	34,428,459	-1.79%	N/A	N/A	
CHAMPION BETTING COMPANY LIMITED	96,075,232	126,746,302	31.92%	68,625,656	68,596,449	-0.04%
CHARLES OFF BETTING LIMITED	13,053,851	13,479,905	3.26%	N/A	N/A	
IDEAL BETTING COMPANY LIMITED	23,531,231	28,594,822	21.52%	19,460,722	18,867,253	-3.05%
MARKHAM BETTING COMPANY LIMITED	62,314,930	82,402,449	32.24%	27,308,027	25,696,891	-5.90%
POST TO POST BETTING LIMITED	14,861,690	10,519,282	-29.22%	N/A	N/A	
SUMMIT BETTING COMPANY LIMITED	21,055,077	17,218,712	-18.22%	31,572,767	20,338,208	-35.58%
TRACK PRICE PLUS LIMITED	135,428,954	147,506,847	8.92%	88,847,422	77,038,862	-13.29%
TOTAL	459,809,545	517,507,253	12.55%	235,814,594	210,537,663	-10.72%

Sports Events

	SALES
Champion Betting Company	0
Markham Betting Company Limited	0
Track Price Plus Limited	163,000
TOTAL	163,000

Table 5 provides information on the average sales, payouts, and gross profits for each bookmakers. Total average sales over the review period were just over \$2M per betting office with Track Price Plus Limited having the largest at just under \$4M per betting office. On the converse Post to Post Betting Limited reported the smallest of \$600K per betting office. Total average gross profits of \$760K per betting office were recorded by

bookmakers from total average sales and payouts of \$2M and \$1M, respectively. Such profits were 38% in excess of \$553K attained by bookmakers for the December ended quarter of 2007. Champion Betting Company Limited recorded the largest average gross profits of \$2M while the lowest was recorded by Post to Post Betting with \$167K.

**TABLE 5
INDIVIDUAL BOOKMAKERS AVERAGES
QUARTER ENDED DECEMBER 2008**

BOOKMAKERS	BETTING OFFICES	TOTAL SALES	AVERAGE SALES	TOTAL PAYOUTS	AVERAGE PAYOUTS	AVG. GROSS PROFIT
BIG 'A' TRACK (2003) LIMITED	3	4,833,590	1,611,197	2,964,755	988,252	622,945
CAPITAL BETTING & WAGERING LIMITED	52	51,776,885	995,709	35,463,326	681,987	313,722
CARIBBEAN TURF SERVICE LIMITED	19	34,428,459	1,812,024	21,858,015	1,150,422	661,602
CHAMPION BETTING COMPANY LIMITED	46	195,342,751	4,246,582	125,316,172	2,724,265	1,522,317
CHARLES OFF BETTING LIMITED	26	13,479,905	518,458	8,762,270	337,010	181,448
IDEAL BETTING COMPANY LIMITED	26	47,462,075	1,825,464	29,701,561	1,142,368	683,097
MARKHAM BETTING COMPANY LIMITED	45	108,099,340	2,402,208	71,268,408	1,583,742	818,465
POST TO POST BETTING LIMITED	21	10,519,282	500,918	7,011,923	333,901	167,017
SUMMIT BETTING COMPANY LIMITED	35	37,556,920	1,073,055	23,583,942	673,827	399,228
TRACK PRICE PLUS LIMITED	62	224,382,709	3,619,076	147,247,233	2,374,955	1,244,121
TOTAL	335	727,881,916	2,172,782	473,177,605	1,412,470	760,311

Sports Events

	<u>SALES</u>	<u>PAYOUTS</u>
Champion Betting Company	0	0
Markham Betting Company Limited	0	0
Track Price Plus Limited	163,000	9,000
TOTAL	163,000	9,000

Gross Profits

The total gross profits attained by the promoter and bookmakers are presented at **Table 6** and **Figure 5**. The promoter realized gross profits of \$242M or 19% of sales. Such profits were also 21% less than the \$307M realized over the corresponding period of the previous year. In contrast, bookmakers realized gross profits of \$255M, which were 35% in excess of the \$203M realized during December ended quarter of 2007.

It should be noted that the gross profits realized by the promoter over the review period was the smallest for the five-year December ended quarters 2004-2008.

**TABLE 6
GROSS PROFIT
RACING PROMOTER AND BOOKMAKERS
QUARTERS ENDED DECEMBER 2004 - 2008**

	Q/E DEC. 2004	Q/E DEC. 2005	Q/E DEC.2006	Q/E DEC.2007	Q/E DEC.2008
<u>RACING PROMOTER</u>	\$	\$			
SALES	811,712,507	844,632,787	1,005,217,579	1,155,983,891	1,267,101,999
PAYOUTS	552,352,660	576,920,697	681,873,368	848,352,459	1,024,966,907
GROSS PROFIT	259,359,847	267,712,090	323,344,211	307,631,432	242,135,092
GROSS PROFIT AS A % OF SALES	31.95%	31.70%	32.17%	26.61%	19.11%
<u>BOOKMAKERS</u>					
SALES	497,988,182	505,237,772	583,735,088	688,738,177	727,881,916
PAYOUTS	336,197,824	336,129,140	376,390,377	485,374,174	473,177,606
GROSS PROFIT	161,790,358	169,108,632	207,344,711	203,364,003	254,704,310
GROSS PROFIT AS A % OF SALES	32.49%	33.47%	35.52%	29.53%	34.99%

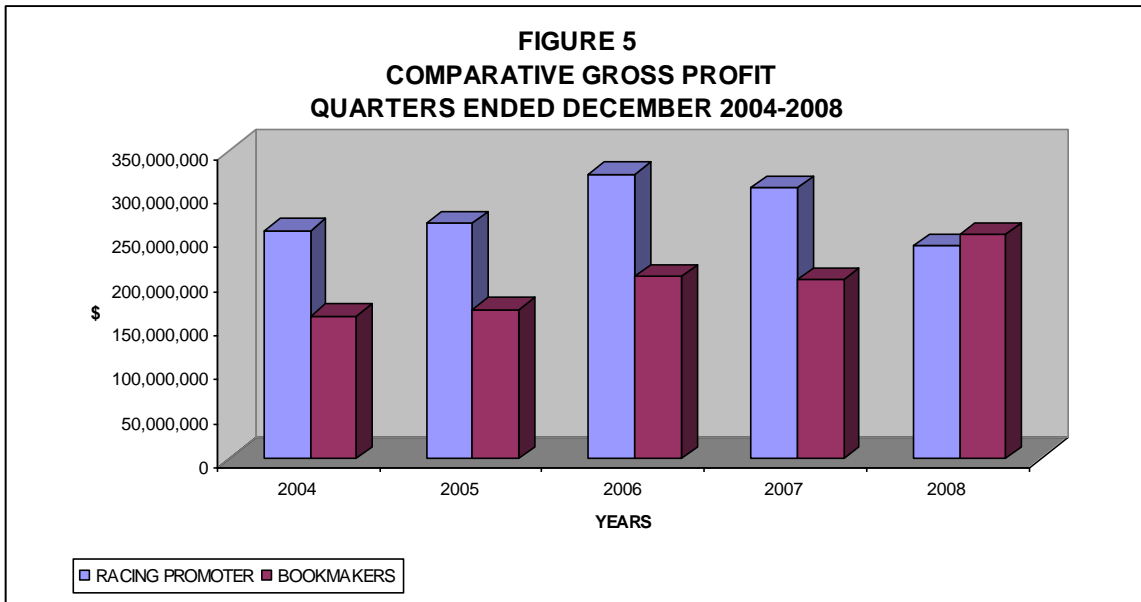


Table 7 provides information on the gross profits realized by individual bookmakers. Tack Price Plus Limited with sales of \$224M and payouts of \$147M realized, the largest gross profits of \$77M and payouts as a percentage of sales of 66%. The bookmaker with the second highest gross profits was Champion Betting Company Limited with sales and payouts of \$195M and \$125M respectively from which gross profits of \$70M were realized. The largest payouts as a percentage of sales of 68% was attained by Capital Betting & Wagering Limited from sales and payouts of \$52M and \$35M respectively and gross profits of \$16M.

Big 'A' Track 2003 Limited with sales of \$4M and payouts of \$3M recorded the smallest payouts of \$2M and payouts as a percentage of sales of 61%. As mentioned previously this bookmaker had transferred twenty (20) betting offices to Capital Betting & Wagering Limited, which may have contributed to the reduction in the company's gross profits.

TABLE 7
INDIVIDUAL BOOKMAKER GROSS PROFIT
QUARTER ENDED DECEMBER 2008

BOOKMAKERS	SALES	PAYOUTS	PAYOUTS AS % OF SALES	GROSS PROFIT
THE BIG 'A' TRACK COMPANY LIMITED	4,833,590	2,964,755	61.34%	1,868,835
CAPITAL BETTING & WAGERING LIMITED	51,776,885	35,463,326	68.49%	16,313,559
CARIBBEAN TURF SERVICE LIMITED	34,428,459	21,858,015	63.49%	12,570,444
CHAMPION BETTING COMPANY LIMITED	195,342,751	125,316,172	64.15%	70,026,579
CHARLES OFF BETTING LIMITED	13,479,905	8,762,270	65.00%	4,717,635
IDEAL BETTING COMPANY LIMITED	47,462,075	29,701,561	62.58%	17,760,514
MARKHAM BETTING COMPANY LIMITED	108,099,340	71,268,408	65.93%	36,830,932
POST TO POST BETTING LIMITED	10,519,282	7,011,923	66.66%	3,507,359
SUMMIT BETTING COMPANY LIMITED	37,556,920	23,583,942	62.80%	13,972,978
TRACK PRICE PLUS LIMITED	224,382,709	147,247,233	65.62%	77,135,476
TOTAL	727,881,916	473,177,605	65.01%	254,704,311

Government Revenue

Presented at **Table 8** is information on taxes and levies payable and paid by the promoter and bookmakers over the review period. In total licensees paid \$51M or 74% of the \$69M payable. Bookmakers paid \$37M of the \$59M payable the total paid being similar to that over the corresponding period of the previous year. In contrast, the promoter paid some \$14M or 34% in excess of the \$10M payable as outstanding amounts from previous quarters were liquidated. The total paid during the review period was also 52% less than the \$29M recorded over the December ended quarter of 2007.

TABLE 8
TAXES DUTIES & LEVIES PAYABLE AND PAID
QUARTER ENDED DECEMBER 2008

BETTING MODE	LEVY, TAX & DUTY	PAYABLE	PAID
<u>BOOKMAKERS</u>			
LOCAL RACES	9% LEVY	16,212,622	14,005,995
	\$ 80 SPECIFIC LEVY	17,600	17,840
	3% LEV TO BGLC	5,404,207	4,668,385
	11% LEVY TO JRC	19,815,427	7,665,420
	TOTAL FOR LOCAL RACING	41,449,857	26,357,640
OVERSEAS	9% LEVY	6,710,766	5,926,983
	3% LEV TO BGLC	2,236,922	1,975,660
	11% LEVY TO JRC	8,202,047	2,963,489
	BET WINNINGS TAX (Sports Events)	900	15,400
	TOTAL FOR OVERSEAS RACING	17,150,635	10,881,532
TOTAL FOR BOOKMAKERS	58,600,492	37,239,172	
<u>RACING PROMOTER</u>			
LOCAL RACES	2% POOL BETTING DUTY	1,819,370	853,900
	1% CONT. TO BGLC	909,685	616,950
	4 1/2% CONT. TO JRC	4,093,581	2,776,274
	TOTAL FOR LOCAL RACING	6,822,636	4,247,124
SIMULCAST	2% POOL BETTING DUTY	956,291	2,593,295
	1% CONT. TO BGLC	478,146	1,296,648
	4 1/2% CONT. TO JRC	2,151,656	5,834,914
	TOTAL FOR SIMULCAST RACING	3,586,093	9,724,857
TOTAL FOR PROMOTER	10,408,729	13,971,981	
TOTAL FOR INDUSTRY		69,009,221	51,211,153

First Instance Tribunal

The First Instance Tribunal had ten sittings during the review period during which two matters were concluded as under:-

Licensee	Details
Capital Betting and Wagering Limited	November 11, 2008 – one charge for duplication of voucher numbers at Esther Thomas’ premises, Main Street, Porus, Manchester. The bookmaker was found liable and a penalty totalling \$180,000 was imposed.
Capital Betting and Wagering Limited	November 11, 2008 – three charges for failing to provide payout sheets and voucher control records at Delroy Nelson’s premises, Spring Village, St. Catherine were proffered. The bookmaker was found liable and penalties amounting to \$45,000 per charge totalling \$135,000.00 were imposed.

Conclusion

The industry showed anemic growth with regards to sales, as the 8% recorded over the review period was below the inflation rate. This less than impressive growth over the period was caused primarily because of the downturn in sales on overseas racing by both the promoter and bookmakers. It is however envisaged that with the licensees having solved the recent problems with their overseas racing providers, sales in this sector of the industry will improve over the next quarter.

Additionally, of concern to the division is the continued failure of bookmakers to honour their tax obligations with respect to the payment of contributions to the Jamaica Racing Commission (JRC) from sales on local and overseas racing. As the current indebtedness of \$73M to the JRC is untenable and should be addressed urgently. At the same time, the promoter's indebtedness of \$203M to the JRC, the Benevolent Fund and to this Commission is a situation that should be addressed urgently.

May 8, 2009