BETTING, GAMING & LOTTERIES COMMISSION
ANNUAL REPORT 2006/07

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CHAPTER ONE

OVERVIEW

1.1 Introduction

This marks the thirty second Annual Report of the Betting, Gaming and Lotteries Commission since its establishment in 1975. The report examines developments in the Betting, Gaming and Lottery Sectors for the period April 01, 2006 to March 31, 2007.

1.2 The Commission

The Betting, Gaming and Lotteries Commission is an independent statutory body established in 1975 under the provisions of the Betting, Gaming and Lotteries Act. The Commission licences, regulates and monitors the gaming industry, facilitates its orderly growth and development, and protects the public from unfair, unscrupulous and illegal activities.

Specifically, the Commission:

1. regulates and controls the operation of betting and gaming, and the conduct of lotteries in the island;

2. grants permits, licences and approvals to persons or entities considered fit and proper to conduct betting, gaming and lotteries activities.

3. examines, in consultation with such organizations and persons as it considers appropriate, challenges relating to the operation of betting and gaming and the conduct of lotteries in the island;

4. furnishes information and advice and makes recommendations to the Minister of Finance and Planning with respect to the exercise of his function under the Act;

5. conducts investigations, studies and surveys for the purpose of obtaining information for use in the exercise of its functions.

6. advises the Minister of Finance and Planning and recommends legislative amendments pertaining to the Act, Regulations and Orders to ensure an orderly development of the industry.

7. Supports social intervention in respect of problem gaming, and protection of vulnerable groups, including minors.

CHAPTER ONE - OVERVIEW

Vision

"To be a world class gaming facilitator providing timely and equitable quality service to all stakeholders."

1.3 Board of Commissioners

The Board of Commissioners consists of seven members and has the overall responsibility for corporate governance and the strategic direction of the Commission.

The Board comprises Chairman Walter Scott and Commissioners Paul Davis, Vaughn Goodison, Dorothy Miller, Clive Nicholas, Las Perry and Hugh Reid.

Composition of Board Sub-Committees

Audit	**Legislative**
Clive Nicholas (Chairman)	Walter Scott (Chairman)
Paul Davis	Paul Davis
Hugh Reid	Dorothy Miller
Finance	**Human Resource**
Hugh Reid (Chairman)	Las Perry (Chairman)
Clive Nicholas	Lorna Green
Lorna Green	Dorothy Miller

The Executive Director also serves on each Sub-Committee.

CHAPTER ONE - OVERVIEW

1.4 INDUSTRY STATISTICS AT A GLANCE – 2006/2007

Betting Sector		
Promoter – Caymanas Track Limited		67 off track betting parlours
		83 local race meets
		311 simulcast race days
Bookmakers		11 bookmakers
		360 licensed betting offices
		83 local race days
		52 weeks of overseas races
		52 weeks of overseas sporting events
Sales		$6.29 billion (Promoter $3.94B ; Bookmakers $2.35B)
Levies & Duties Payable		$415.56 million (Promoter $220.59M; Bookmakers $194.96M)
Levies & Duties Paid		$241.49 million (Promoter $62.03M; Bookmakers $179.46M)
Lotteries Sector		
Sales		$15.34 billion
Prize Payouts		$10.58 billion
Levy Payments		$945.10 million
Regulatory Contributions		$927.96 million
Lottery Draws		604
Gaming Sector		
Gaming Machines Licensed		4392
Inspections		1267 locations
Gaming Lounges – GPT		$128.23 million
Gaming Lounges - Regulatory Contribution		$42.12 million
Non-Gaming Lounges Levy		$20.33 million
Non-Gaming Lounges License & Disc Fees		$8.87 million
Prize Promotions		
Applications Received		389
Applications Approved		299
Applications requiring no Approval		38
Enforcement		
Operations		198
Arrests		38 persons
Convictions		25 persons
Gaming Machines Seized		734
Fines & Forfeitures		$2.65 million
Reports		50

CHAPTER TWO
BETTING SECTOR

2.1 Introduction

This report provides information on the performance of the betting sector for the fiscal year 2006 – 2007, comprising of the racing promoter, Caymanas Track Limited (CTL) and eleven local bookmakers.

The revenue generated by the sector was derived primarily from horse racing, promoted locally by CTL and conducted at the island's only legal horse racing facility, Caymanas Park. Additional revenue was also generated by CTL and the five bookmakers that accepted bets on overseas horse races transmitted island wide via satellite feed. In the case of three bookmakers, bets were also accepted on other sporting events inclusive of World Cup Football.

The promoter's operations were directed through the race track and a network of 67 Off Track Betting (OTB) parlours located islandwide, while the bookmakers operations were channelled through a network of 360 betting offices, also located islandwide. During the review period, betting was conducted on 83 local race meets and 311 days of simulcast races by the promoter and 52 weeks of wagering on overseas races by bookmakers. From such operations the sector grew by 17.86%, recording sales of $6.29 billion when compared with the previous year's total of $5.33 billion.

2.2 Sales Performance

Detailed at **Table 1** is information on the promoter's sales performance for the fiscal years April 2003 to March 2007. For the review period, the promoter generated total sales of $3.94 billion, 17.33% in excess of the previous year's total of $3.36 billion. Of the two betting modes employed, wagering on local races produced the larger increase of 21.14% moving from $1.86 billion during the 2006 financial year to $2.25 billion for the review period, while wagering on simulcast races generated sales of $1.69 billion an increase of 12.60% over the $1.5 billion recorded during the previous financial year. It is worthy to note that for the first time in the five year period 2003 - 2007 sales on local races was in excess of the $2 billion mark.

TABLE 1
SUMMARY OF RACING PROMOTER SALES ($'M)
FISCAL YEARS APRIL 2003 - MARCH 2007

	Y/E MAR. 2003	Y/E MAR. 2004	% CHANGE	Y/E MAR. 2005	% CHANGE	Y/E MAR. 2006	% CHANGE	Y/E MAR. 2007	% CHANGE
RACING PROMOTER									
LOCAL	**1,659**	**1,578**	-4.89%	**1,650**	4.60%	**1,857**	12.54%	**2,250**	21.14%
NO. OF RACE DAYS	95	87		79		81		83	
AVG. SALES	17	18	3.86%	21	15.19%	23	9.76%	27	18.22%
SIMULCAST	**1,100**	**1,268**	15.24%	**1,372**	8.20%	**1,500**	9.34%	**1,689**	12.60%
NO. OF RACE DAYS	336	312		305		307		311	
AVG. SALES	3	4	24.11%	4	10.69%	5	8.63%	5	11.16%
RACING POOLS	**16**	**2**	-86.00%	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
NO. OF POOLS MEET	52	12							
AVG. SALES	0	0	-39.34%						
TOTAL	**2,775**	**2,848**	**2.62%**	**3,022**	**6.12%**	**3,358**	**11.09%**	**3,939**	**17.33%**

Table 2 provides information on the bookmaker's sales performance over the five year period, April 2003 – March 2007. For the review period bookmakers recorded a significant increase in overall sales of 18.78% with sales moving from $1.98 billion for the fiscal year ended March 2006 to $2.35 billion as at March 2007. The total sales generated from local races were $1.38 billion some 22.41% in excess of the $1.13 billion recorded during the previous year. Sales on overseas races and other sporting events showed a 13.92% increase with reported sales for the review period of $964.71 million as against the previous year's total of $846.52 million. However, an analysis of sales on other sporting events showed reported sales of $36.55 million for the period being reviewed, an increase of 295% when compared to the previous years' reported sales of $9.25 million. This increase may be attributed to wagering on the World Cup Football, the most popular sporting event in the world.

Table 2 also provides a comparison between the sales generated by the promoter and the ten bookmakers that accepted bets on local and overseas races. For the first time in the five year period 2003 – 2007 bookmakers' sales surpassed the $2 billion mark, despite the reduction in the number of bookmakers in operation from fifteen in 2003 to ten in 2007.

TABLE 2
SUMMARY OF BOOKMAKERS' SALES ($'M)
FISCAL YEARS APRIL 2003 - MARCH 2007

	Y/E MAR. 2003	Y/E MAR. 2004	% CHANGE	Y/E MAR. 2005	% CHANGE	Y/E MAR. 2006	% CHANGE	Y/E MAR. 2007	% CHANGE
BOOKMAKERS									
LOCAL	**1,078**	**1,053**	-2.30%	**1,102**	4.63%	**1,130**	2.61%	**1,384**	22.41%
NO. OF RACE DAYS	95	87		79		81		83	
AVG. SALES	11	12	6.69%	14	15.22%	14	0.08%	17	19.46%
OVERSEAS	**687**	**750**	9.16%	**791**	5.46%	**837**	5.82%	**928**	10.86%
NO. OF RACE WEEKS	52	52		52		52		52	
AVG. SALES	13	14	9.16%	15	5.46%	16	5.82%	18	10.86%
OTHER EVENTS	**3**	**9**		**12**		**9**		**37**	**295.33%**
TOTAL FOR OVERSEAS	**690**	**759**	10.09%	**803**	**5.70%**	**847**	**5.45%**	**965**	**13.96%**
TOTAL FOR BOOKMAKERS	**1,767**	**1,812**	**2.54%**	**1,904**	**5.08%**	**1,977**	**3.81%**	**2,348**	**18.80%**
TOTAL FOR RACING PROMOTER	**2,775**	**2,848**	**2.62%**	**3,022**	**6.12%**	**3,358**	**11.09%**	**3,939**	**17.33%**
INDUSTRY TOTAL	**4,543**	**4,660**	**2.59%**	**4,927**	**5.71%**	**5,334**	**8.28%**	**6,288**	**17.87%**

Figure 1 provides a graphic overview of the performance of the promoter and bookmakers over the review period. In both local and overseas races and for all five years the sales performance of the promoter outstripped that of bookmakers.

FIGURE 1
SALES TREND FOR APRIL 2003 - MARCH 2007

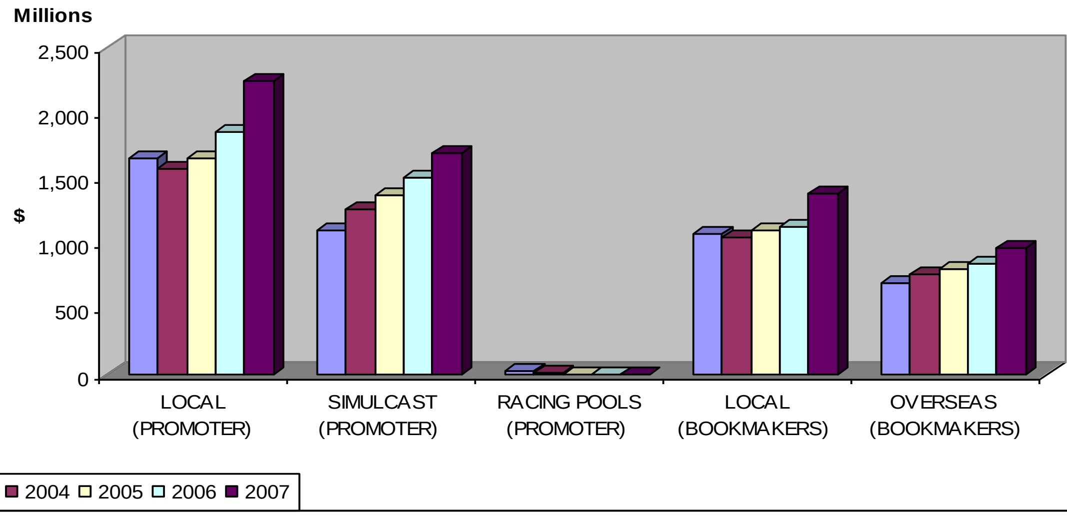
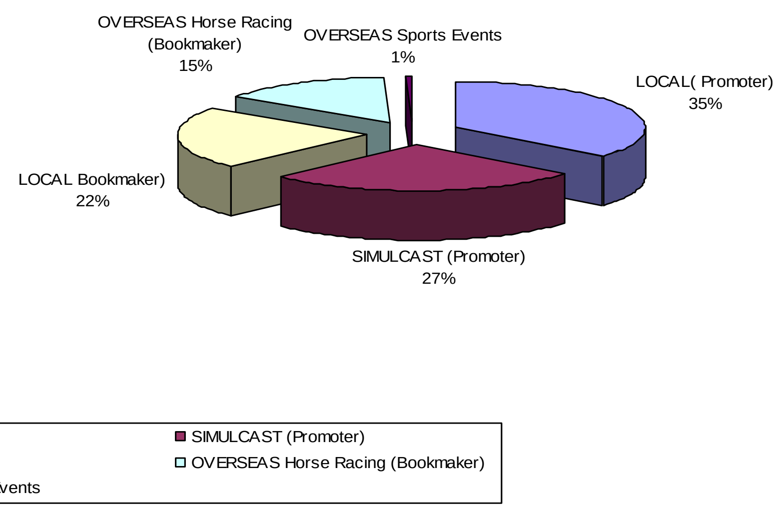


Figure 2 shows the promoter's continued dominance with respect to sales generated, being responsible for 62% of total sales generated within the sector, while bookmakers were responsible for the remaining 38%. Also shown at **Figure 2** is the dominance of the local product over the overseas, as sales on local races were responsible for 57% of the industry's total while sales on overseas races were responsible for 42% and other sporting events 1%.

FIGURE 2
FINANCIAL YEAR SALES
APRIL 2006 - MARCH 2007



2.3 Competition

Table 3 provides information on the performance of individual bookmakers over the financial years 2006 – 2007. Track Price Plus Limited operating 61 betting offices remains the island's premier bookmaker. The company recorded overall reported sales of $783.36 million for the review period. Notwithstanding the overall dominance of sales on local racing in the industry, this bookmaker generated $361.11 million or 46.01% of its revenue from sales on local races and the remaining $422.61 million or 53.99% from sales on overseas races and other sporting events from overseas.

In the case of Summit Betting Company Limited and Ideal Betting Company Limited, there were similar occurrences. Summit Betting recorded total sales of $171.06 million from 38 betting offices in operation with $61.60 million or 36.01% being generated from sales on local races and $109.46 million or 63.99% being generated from sales on overseas races, while Ideal Betting recorded total sales of $144.11 million from 26 betting offices in operation, with $69.31 million or 48.09% being generated from sales on local races and $74.80 million or 51.91% from sales on overseas races. Champion Betting Company Limited with total sales of $507.15 million from the 49 betting offices in operation generated sales on local races of $262.06 million and $245.09 million from sales on overseas races.

Charles Off Betting Limited with 25 betting offices in operation recorded the lowest reported sales of $44.65 million. It should however be noted that this company was one of five that accepted bets only on local races.

TABLE 3
BOOKMAKERS SALES LOCAL & OVERSEAS ($'M)
FISCAL YEAR APRIL 2006 - MARCH 2007

	LOCAL RACING		OVERSEAS RACING	
BOOKMAKERS	SALES $	NO. OF BETTING OFFICES OPERATED	SALES $	NO. OF BETTING OFFICES OPERATED
BIG "A" TRACK 2003 LIMITED	50.35	25	0.00	N/A
CAPITAL BETTING & WAGERING LIMITED	144.00	44	0.00	N/A
CARIBBEAN TURF SERVICE LIMITED	125.83	19	0.00	N/A
CHAMPION BETTING COMPANY LIMITED	262.06	49	245.09	28
CHARLES OFF BETTING LIMITED	44.65	35	0.00	N/A
IDEAL BETTING COMPANY LIMITED	69.31	26	74.80	15
MARKHAM BETTING COMPANY LIMITED	215.06	40	112.75	17
POST TO POST BETTING LIMITED	49.74	23	0.00	N/A
SUMMIT BETTING COMPANY LIMITED	61.60	38	109.46	22
TRACK PRICE PLUS LIMITED	361.11	61	422.61	49
TOTAL	**1,383.72**	**360**	**964.71**	**131**

OTHER SPORTING EVENT SALES ($'M)

	horse racing	other events
Champion Betting	244.93	0.16
Markham Betting	112.70	0.05
Track Price Plus	386.28	36.33
TOTAL	**743.90**	**36.55**

The comparative sales of individual bookmaker are shown at **Table 4.** Big 'A' Track 2003 Limited recorded the largest increase in reported sales on local races of 33.17% moving from $37.81 million for the financial year ended March 2006 to $50.35 million.

Track Price Plus Limited recorded the largest increase from sales on overseas races among the five bookmakers that accepted bets on this betting mode. The company reported sales of $422.61 million, 22.65% in excess of the previous year total of $344.58 million.

TABLE 4
BOOKMAKERS' COMPARATIVE SALES ($'M)
FINANCIAL YEAR ENDED MARCH 2006 AND MARCH 2007

BOOKMAKERS	LOCAL 2006	LOCAL 2007	% CHANGE	OVERSEAS 2006	OVERSEAS 2007	% CHANGE
BIG 'A' TRACK (2003) LIMITED	37.81	50.35	33.17%	0	0	0.00%
CAPITAL BETTING & WAGERING LIMITED	120.51	144.00	19.49%	0	0	0.00%
CARIBBEAN TURF SERVICE LIMITED	106.97	125.83	17.63%	0	0	0.00%
CHAMPION BETTING COMPANY LIMITED	204.25	262.06	28.31%	214.42	245.09	14.31%
CHARLES OFF BETTING LIMITED	43.31	44.65	3.11%	0.45	0	-100.00%
IDEAL BETTING COMPANY LIMITED	61.42	69.31	12.85%	73.09	74.80	2.35%
MARKHAM BETTING COMPANY LIMITED	163.25	215.06	31.74%	106.28	112.75	6.09%
POST TO POST BETTING LIMITED	42.37	49.74	17.38%	0	0	0
SUMMIT BETTING COMPANY LIMITED	58.96	61.60	4.48%	106.44	109.46	2.83%
TOTAL BETTING LIMITED	16.20	0.00	-100.00%	0	0	0
TRACK PRICE PLUS LIMITED	275.31	361.11	31.16%	344.58	422.61	22.65%
TOTAL	**1,130.36**	**1,383.72**	**22.41%**	**845**	**965**	**14.13%**

Sport Events - Sales ($'M)

	Y/E 2006	Y/E 2007
Champion Betting	0.00	0.16
Markham Betting	0.00	0.05
Track Price Plus	9.25	36.33
TOTAL	**9.25**	**36.55**

Table 5 provides information on individual bookmaker's payouts for the financial years 2005 – 2006 and 2006 – 2007. The overall payouts by bookmakers from sales on local races increased by 23.92% moving from $691.18 million for the corresponding period of the previous year to $856.52 million for the review period. The highest percentage increase in payouts was recorded by Big 'A' Track with payouts totalling $34.53 million, an increase of 49.26% when compared against the previous year's total of $23.13 million.

Charles Off Betting Limited was the only company to report decreased payouts over the review period when compared to the previous year, moving from $27.35 million for the fiscal year 2006 to $26.08 million over the review period, a decrease of 4.63%.

Overall payouts from sales on overseas races increased by 13.50% for the review period, when compared to the previous year, moving from $561.45 to $637.24 million. Track Price Plus Limited recorded the largest increase in payouts of 25.42% moving from $227.50 million in 2006 to $285.33 million for the review period. It should be noted that sales on other sporting events were responsible for $34.33 million or 12.03% of the $285.33 million paid out by the bookmaker. On the converse, Ideal Betting Company Limited recorded the only decrease in payouts from sales on overseas races. The company reported payouts of $49.65 million or 0.44% less than the total of $49.87 million recorded the previous year.

TABLE 5
BOOKMAKERS' COMPARATIVE PAYOUTS ($'M)
FISCAL YEAR ENDED MARCH 2006 AND MARCH 2007

BOOKMAKERS	LOCAL 2006	LOCAL 2007	% CHANGE	OVERSEAS 2006	OVERSEAS 2007	% CHANGE
BIG 'A' TRACK (2003) LIMITED	23.13	34.53	49.26%	N/A	N/A	N/A
CAPITAL BETTING & WAGERING LIMITED	77.78	90.98	16.97%	N/A	N/A	N/A
CARIBBEAN TURF SERVICE LIMITED	68.95	74.41	7.92%	N/A	N/A	N/A
CHAMPION BETTING COMPANY LIMITED	119.20	156.50	31.29%	142.66	157.96	10.72%
CHARLES OFF BETTING LIMITED	27.35	26.08	-4.63%	0.36	0.00	-100.00%
IDEAL BETTING COMPANY LIMITED	38.69	42.44	9.71%	49.87	49.65	-0.44%
MARKHAM BETTING COMPANY LIMITED	98.82	137.04	38.68%	72.25	73.58	1.84%
POST TO POST BETTING LIMITED	26.72	29.27	9.55%	N/A	N/A	N/A
SUMMIT BETTING COMPANY LIMITED	33.48	35.04	4.66%	68.80	70.73	2.80%
TOTAL BETTING LIMITED	9.65	0.00	-100.00%	N/A	N/A	N/A
TRACK PRICE PLUS LIMITED	167.41	230.22	37.51%	227.50	285.33	25.42%
TOTAL	**691.18**	**856.52**	**23.92%**	**561**	**637**	**13.50%**

Sport Events Payouts ($'m)

	Y/E 2006	Y/E 2007
Champion Betting	0.00	0.13
Markham Betting	0.00	0.07
Track Price Plus	7.05	34.13
TOTAL	**7.05**	**34.33**

2.4 Profitability

Table 6 provides information on the gross profit attained by individual bookmakers for the financial year 2006 – 2007. From total sales of $2.31 billion and payouts of $1.46 billion, bookmakers achieved an overall gross profit of $852.42 million or 36.87% of sales. Track Price recorded the highest gross profit of $266 million or 35.59% of sales. Charles Off Betting Limited the smallest bookmaker with respect to sales, achieved gross profit of $18.57 million or 41.59% of sales. The largest payouts as a percentage of sales was recorded by Big ‘A’ Track at 68.58% with sales of $50.35 million and payouts of $34.53 million, while Charles Off Betting reported the smallest of 58.41% with sales of $44.65 million and payouts of $26.08 million.

TABLE 6
INDIVIDUAL BOOKMAKERS GROSS PROFIT ($'M)
FISCAL YEAR APRIL 2006 - MARCH 2007

BOOKMAKERS	SALES	PAYOUTS	PAYOUT AS A % OF SALES	GROSS PROFIT	GROSS PROFIT AS % OF SALES
BIG "A" TRACK 2003 LIMITED	50.35	34.53	68.58%	16	31.42%
CAPITAL BETTING & WAGERING LIMITED	144.00	90.98	63.18%	53	36.82%
CARIBBEAN TURF SERVICE LIMITED	125.83	74.41	59.14%	51	40.86%
CHAMPION BETTIG COMPANY LIMITED	506.99	314.33	62.00%	193	38.00%
CHARLES OFF BETTING LIMITED	44.65	26.08	58.41%	19	41.59%
IDEAL BETTING COMPANY LIMITED	144.11	92.09	63.90%	52	36.10%
MARKHAM BETTING COMPANY LIMITED	327.76	210.55	64.24%	117	35.76%
POST TO POST BETTING LIMITED	49.74	29.27	58.86%	20	41.14%
SUMMIT BETTING COMPANY LIMITED	171.06	105.76	61.83%	65	38.17%
TRACK PRICE PLUS LIMITED	747.39	481.42	64.41%	266	35.59%
TOTAL	**2,311.89**	**1,459.44**	**63.13%**	**852**	**36.87%**

Presented at **Table 7** is information on the average sales, payouts and gross profit of individual bookmakers for the period under review. Collectively bookmakers recorded average gross profits per betting office of $2.38 million from average sales and payouts of $6.44 million and $4.07 million, respectively. Track Price Plus recorded the highest average gross profit per betting office of $4.36 million from average sales and payouts of $12.25 million and $7.89 million, respectively. Charles Off Betting achieved the lowest average gross profit per betting office of $530,667 from average sales of $1.28 million and average payouts of $745,173. This is however an improvement on the performance of the previous year during which the company generated average gross profit per betting office of $436,819.

TABLE 7
INDIVIDUAL BOOKMAKERS AVERAGE
SALES, PAYOUTS & GROSS PROFIT ($'M)
FISCAL YEAR APRIL 2006-MARCH 2007

BOOKMAKERS	BETTING OFFICES	TOTAL SALES	AVERAGE SALES	TOTAL PAYOUTS	AVERAGE PAYOUTS	GROSS PROFIT	AVERAGE GROSS PROFIT
BIG "A" TRACK (2003) LIMITED	25	50.35	2.01	34.53	1.38	15.82	0.63
CAPITAL BETTING & WAGERING LIMITED	44	144.00	3.27	90.98	2.07	53.02	1.20
CARIBBEAN TURF SERVICE LIMITED	19	125.83	6.62	74.41	3.92	51.42	2.71
CHAMPION BETTING COMPANY LIMITED	49	506.99	10.35	314.33	6.41	192.66	3.93
CHARLES OFF BETTING LIMITED	35	44.65	1.28	26.08	0.75	18.57	0.53
IDEAL BETTING COMPANY LIMITED	26	144.11	5.54	92.09	3.54	52.02	2.00
MARKHAM BETTING COMPANY LIMITED	40	327.76	8.19	210.55	5.26	117.22	2.93
POST TO POST BETTING LIMITED	23	49.74	2.16	29.27	1.27	20.46	0.89
SUMMIT BETTING COMPANY LIMITED	38	171.06	4.50	105.76	2.78	65.30	1.72
TRACK PRICE PLUS LIMITED	61	747.39	12.25	481.42	7.89	265.97	4.36
TOTAL	**360**	**2,311.89**	**6.42**	**1,459.44**	**4.05**	**852.45**	**2.37**

2.5 Computerization

Table 7A shows the number of betting offices operated by the individual bookmakers over five fiscal periods and the number of shops computerized. Track Price Plus remains the dominant bookmaker with 97% of its shops computerized, whilst Big ’A’ Track (2003) and Charles Off Betting are yet to commence computerization. As at fiscal year end the level of computerization was 49%. Upon passage of the Amendment Bill to the Betting, Gaming and Lotteries Act, the Commission will require that all licensed betting offices be computerized and connected remotely to the Commission.

TABLE 7A
Bookmakers Computerization Rate 2006/07

BOOKMAKERS	# Of Shops Operated to the end of financial year 2006-2007	# Of Shops Computerised to the end of financial year 2006-2007	# Of Shops Computerised to the end of financial year 2005-2006	# Of Shops Computerised to the end of financial year 2004-2005	# Of Shops Computerised to the end of financial year 2003-2004	# Of Shops Computerised to the end of financial year 2002-2003	# Of Overseas Shops Operated to the end of financial year 2006-2007
BIG 'A' TRACK (2003) LIMITED	25	0	0	0	0	0	0
CAPITAL BETTING & WAGERING LIMITED	44	11	11	13	16	8	0
CARIBBEAN TURF SERVICES LIMITED	19	10	10	10	6	3	0
CHAMPION BETTING COMPANY LIMITED	49	30	26	32	31	21	28
CHARLES OFF BETTING LIMITED	35	0	0	0	0	0	0
IDEAL BETTING COMPANY LIMITED	26	19	19	16	16	18	15
MARKHAM BETTING COMPANY LIMITED	40	27	24	26	26	23	17
POST TO POST BETTING COMPANY LIMITED	23	3	3	5	6	5	0
SUMMIT BETTING COMPANY LIMITED	38	17	16	15	12	7	22
TRACK PRICE PLUS LIMITED	61	59	59	64	60	58	49
TOTAL	**360**	**176**	**168**	**181**	**173**	**143**	**131**

2.6 Government Revenue

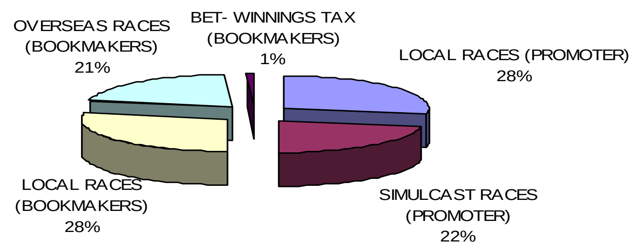
Table 8 provides information on taxes, duties and levies payable and paid for the fiscal year 2006 – 2007. The industry paid $241.49 million or 58.15% of $415.56 million payable. Bookmakers paid $179.46 million or 92.04% of the $194.96 million payable for the review period. In contrast however, the promoter paid only $62.03 million or 28.12% of the $220.59 million in taxes payable.

TABLE 8
LEVIES & DUTIES PAYABLE AND PAID ($'M)
FISCAL YEAR APRIL 2006 - MARCH 2007

BETTING MODE	TAXES, DUTIES & LEVIES	PAYABLE	PAID
BOOKMAKERS			
LOCAL RACING	16.5% GROSS PROFIT TAX	86.99	85.91
	1% CONTRIBUTION TO BGLC	13.84	13.73
	1% CONTRIBUTION TO JRC	13.84	13.73
	$ 80 SPECIFIC LEVY	0.07	0.07
	TOTAL	**114.73**	**113.44**
OVERSEAS RACING	16.5% GROSS PROFIT TAX	53.67	53.61
	1% CONTRIBUTION TO BGLC	9.28	9.31
	1% CONTRIBUTION TO JRC	9.28	0.00
	1/2% CONTRIBUTION TO SPORTS	4.64	0.00
	BET-WINNINGS TAX	3.36	3.10
	TOTAL	**80.23**	**66.02**
TOTAL FOR BOOKMAKERS		**80.23**	**66.02**
		194.96	**179.46**
RACING PROMOTER			
LOCAL RACING	5% GROSS PROFIT TAX	36.57	35.69
	1% CONTRIBUTION TO BGLC	22.50	0.00
	1% CONTRIBUTION TO JRC	22.50	0.00
	1%CONTRIBUTION TO BENEVOLENT FUND	22.50	0.00
	1%CONTRIBUTION TO BENEVOLENT FUND	22.50	0.00
	TOTAL	**126.57**	**35.69**
SIMULCAST RACING	5% GROSS PROFIT TAX	26.45	26.34
	1% CONTRIBUTION TO BGLC	16.89	0.00
	1% CONTRIBUTION TO JRC	16.89	0.00
	1%CONTRIBUTION TO BENEVOLENT FUND	16.89	0.00
	1%CONTRIBUTION TO BENEVOLENT FUND	16.89	0.00
	TOTAL	**94.03**	**26.34**
TOTAL FOR RACING PROMOTER		**220.59**	**62.03**
INDUSTRY TOTAL		**415.56**	**241.49**

Figure 3 complements **Table 8** and shows taxes, duties and levies payable by the racing promoter and bookmakers for the review period. The promoter was responsible for 50% of the industry's total sales, while bookmakers were responsible for the remaining 50%.

FIGURE 3
TAXES PAYABLE FOR FINANCIAL YEAR APRIL 2006 - MARCH 2007



2.7 The First Instance Tribunal

There were two completed Tribunal hearings for the review period, after the newly constituted Tribunal commenced hearings in June 2006. Presented at **Table 9** are details of the completed hearing for the review period.

TABLE 9

Date of Decision	**Name of Licensee**	**Charges**	**# of charges**	**Penalties imposed**
July 26, 2006	Track Price Plus Limited	Non submission of receipts	21	$380,000
December 14, 2006	CTS Associates Limited	Operating unlicensed gaming machines	16	$1,140,000
			Total	**$1,520,000**

2.8 Conclusion

Despite the difficulties experienced during the period under review, the sector has done relatively well as notwithstanding a reduction in the number of betting offices in operations by bookmakers and the failure to amend the Act to bring the industry into the 21st century there has been an increase in the sales generated within the industry.

It is however hoped that the impasse between the promoter, some bookmakers and the government as regards the payment of certain taxes and contributions will be resolved at the earliest possible time.

CHAPTER THREE
LOTTERIES SECTOR

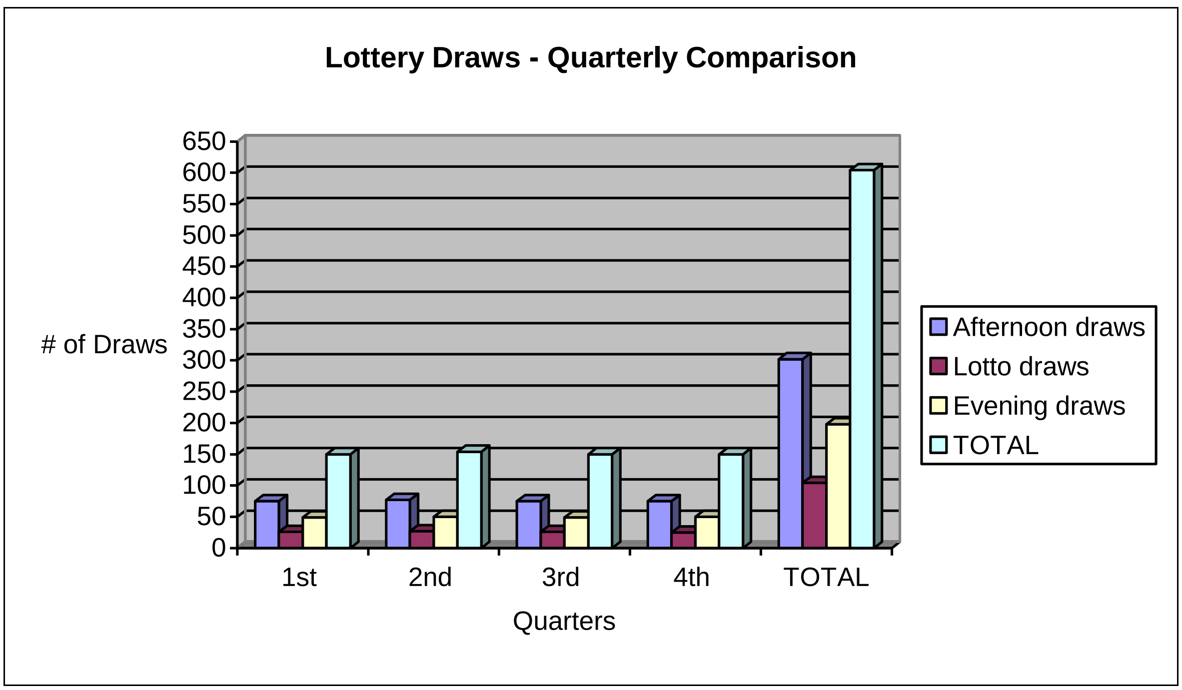
3.1 Introduction

During the review period the number of lottery games offered to the public increased to seven as Sports Bet Games Limited was issued a licence to operate instant games, namely:

1. Lucky7
2. Winning Horse
3. Easy Money

During the year under review officers monitored a total of 604 lottery draws. As depicted in **Figure I**, these draws included 104 Lotto draws, 302 afternoon draws (Pick3, Dollaz, Lucky 5 and Cash Pot) and 198 evening draws (Pick3, Dollaz, Lucky5 and Cash Pot) All draws and draw related activities were conducted in the prescribed manner.

FIGURE I



3.2 Sales

The lottery sector grew by 13.69% as sales of $15.34 billion were recorded from the seven games offered during the fiscal period, the highest ever sales recorded. Supreme Ventures Limited accounted for 99.99% of sales, with the sales from the instant games offered by Sports Bet Games Limited accounting for a minimal amount of $596,250.

As in the previous fiscal years sales for the Cash Pot games continue to increase albeit a lower percentage each period, with the game maturing. The game however remains the most popular lottery game accounting for 80% of the market. Sales for the Lucky5, Dollaz and Pick3 games also recorded increases over the corresponding period last year, whilst decreases were recorded for the Lotto and Instant games. Of note is the decline of 45.85% in the sales of the instant games, following its re-launch and subsequent resurgence in the previous fiscal year.

Table 1 compares the sales for the 2006/07 fiscal period against that of the 2005/06 period by games and is complemented by **Figure I and Figure II** which shows the respective share of the lottery market accounted for by each game, and the lottery sales trend.

TABLE 1
COMPARATIVE LOTTERY SALES ($'M)
FISCAL Y/E 2007 v 2006

GAMES	FISCAL Y/E 2007	FISCAL Y/E 2006	%
Supreme Ventures Ltd			
Cash Pot	12,211	10,392	17.51%
Lucky 5	473	428	10.59%
Keno	245	225	9.18%
Lotto	1,253	1,364	-8.17%
Pick 3	1,013	784	29.11%
Scratchers	146	270	-45.85%
	15,341	**13,463**	**13.96%**
Sports Bet			
Scratchers	0.60	-	100.00%
TOTAL	**15,342**	**13,463**	**13.96%**

CHAPTER THREE – LOTTERIES SECTOR

FIGURE I
SHARE OF LOTTERY SALES BY GAME

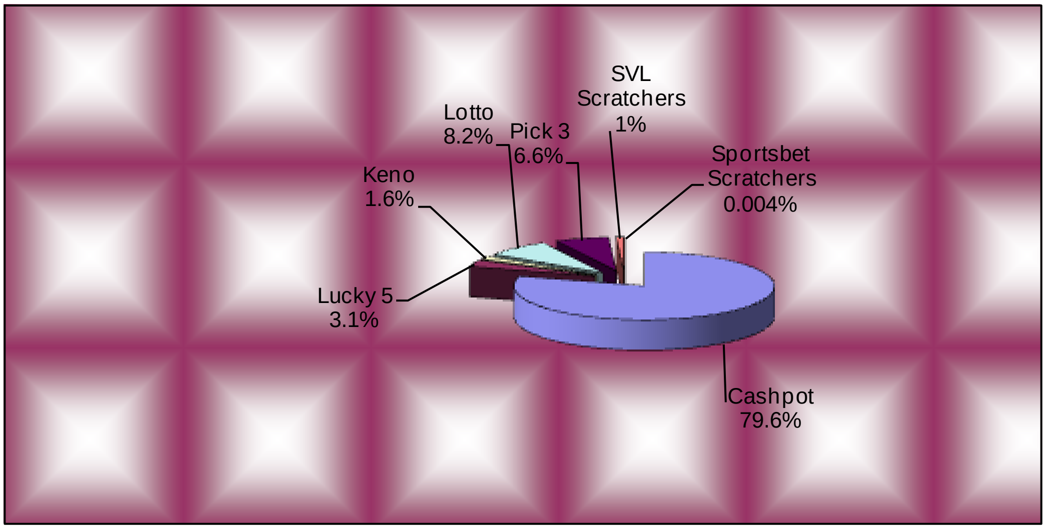
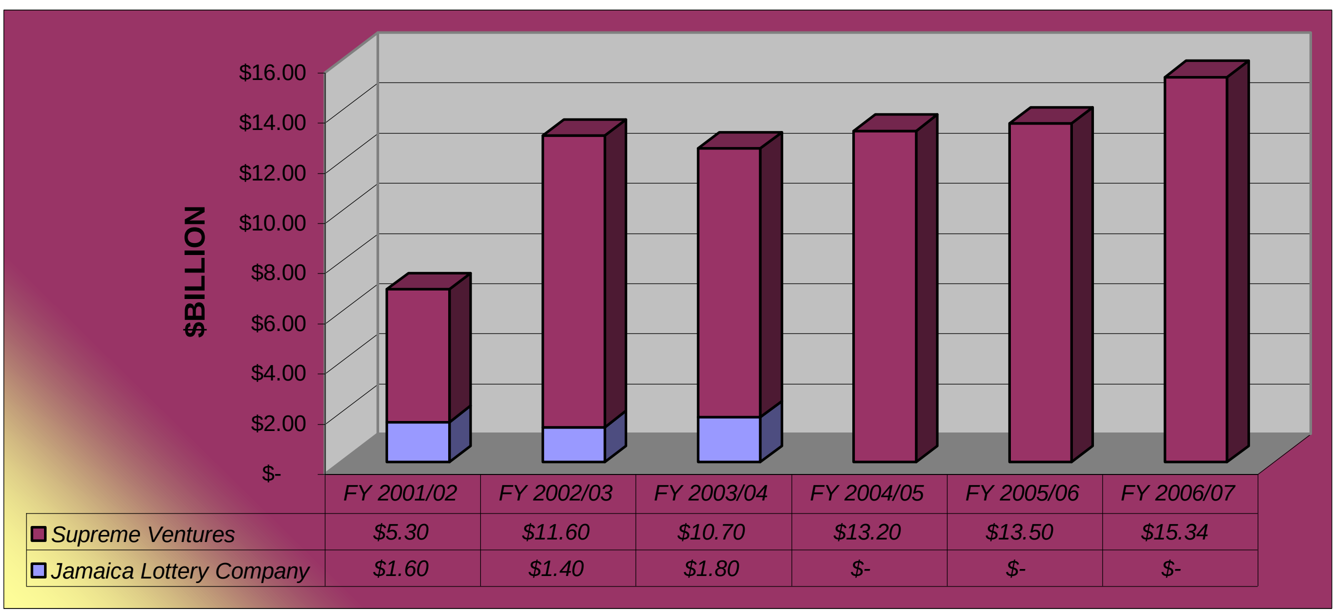


FIGURE II
LOTTERY SALES TREND
FISCAL Y/E 2002 – 2007



3.3 Prize Liability

Total prize liability of $10.58 billion or 68.98% of sales was recorded for the fiscal year, 0.08% above expected liability of 68.9%.

As detailed in **Table 2** the actual liability for the games with the exception of the Cash Pot and Lucky5 games was less than that of the expected liability. Sports Bet Games Limited instant game liability was 57.54% of sales.

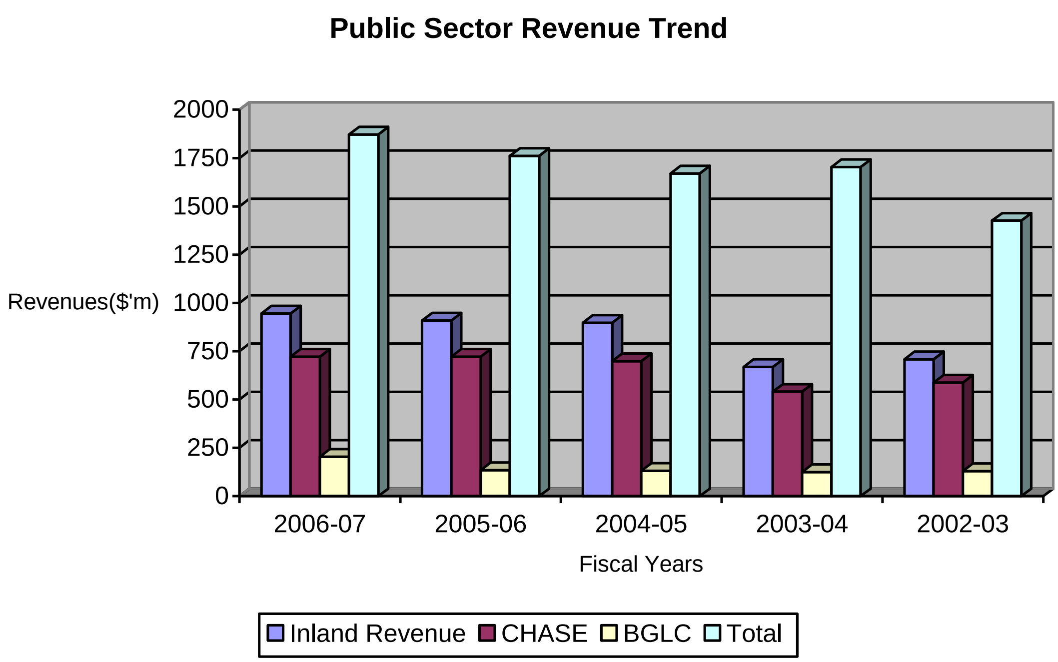
TABLE 2
LOTTERY PRIZE LIABILITY ($'M)
FISCAL Y/E 2007

GAMES	FISCAL Y/E 2007 SALES	FISCAL Y/E 2007 PAYOUT	LIABILITY	EXPECTED LIABILITY
Supreme Ventures Ltd				
Cash Pot	12,211	8,911	72.97%	72.00%
Lucky 5	473	249	52.66%	50.90%
Keno	245	132	53.75%	54.80%
Lotto	1,253	651	51.95%	52.00%
Pick 3	1,013	552	54.50%	60.00%
Scratchers/Instant	146	89	60.62%	
	15,341	**10,583**	**68.98%**	**68.90%**
Sports Bet				
Scratchers	596,250	343,100	57.54%	
TOTAL	**15,341**	**10,583**	**68.98%**	

3.4 Public Sector Revenue

A total of $1,872 million was generated as public sector revenues and is graphically highlighted in **Figure III,** which also gives a comparative analysis over the fiscal years commencing 2002/03**.** This represents a 9.4% increase over the 2005/06 fiscal year.

FIGURE III



3.5 Government Revenue

For the fiscal year government revenue increased by 5.71% to $945 million compared to the $894 million recorded in 2005/06, with the Bet winning tax accounting for 9.86% of the amount. The Cash Pot, Lucky5, Dollaz and Pick3 games were the main contributors to this increase, as all four games recorded increases over the similar period of the previous year. **Table 3** below shows government levy payable.

TABLE 3
GOVERNMENT LEVY PAYABLE ($'M)
FISCAL Y/E 2007 v 2006

GAMES	FISCAL Y/E 2007	FISCAL Y/E 2006	%
Supreme Ventures Ltd			
Cash Pot	561	515	8.87%
Lucky 5	38	36	6.69%
Keno	26	24	8.01%
Lotto	138	151	-8.06%
Pick 3	78	55	42.91%
Scratchers	10	19	-48.83%
Total	**852**	**784**	**8.60%**
Sports Bet			
Scratchers	**0.04**	-	100.00%
BWT PAID	**93**	**110**	**-15.03%**
TOTAL	**945**	**894**	**5.71%**

3.6 CHASE Contributions

Contribution to good causes for the fiscal year showed a 7.3% increase over the similar period in 2006 totalling $774.96 million. The amount contributed from sales totalled $696.12 million and $78.84 million from unclaimed prizes. **Table 4** below shows the contribution to the CHASE Fund per game.

TABLE 4
CONTRIBUTION TO CHASE FUND ($'M)

GAMES	FISCAL Y/E MARCH 2007			FISCAL Y/E MARCH 2006		
	From Sales	From U/C Prizes	Total	From Sales	From U/C Prizes	Total
Supreme Ventures Ltd						
Cash Pot	495	21	516	455	21	475
Lucky 5	35	6	41	32	7	39
Keno	18	5	24	17	5	22
Lotto	94	41	135	102	25	127
Pick 3	42	6	48	33	5	38
Scratchers	11	N/A	11	20	N/A	20
Total	**696**	**79**	**775**	**659**	**63**	**722**
Sports Bet						
Scratchers	0.04	N/A	0	-	N/A	-
TOTAL	**696**	**79**	**775**	**659**	**63**	**722**

3.7 BGLC Lottery Revenue

The Commission received an increase of $18.83 million or 13.99% over the $134.63 million collected in 2005/06. In keeping with its relative contribution to the sector, the Cash Pot game accounted for 79% of lottery revenue to the Commission. With the decline in sales of instant (Scratchers) game, there was a corresponding decline in its contribution to the Commission's revenue. **See Table 5 below.**

TABLE 5
BGLC 1% FEE PAYABLE BY GAME

GAMES	FISCAL Y/E 2007	FISCAL Y/E 2006	%
Supreme Ventures Ltd			
Cash Pot	122	104	17.51%
Lucky 5	5	4	10.59%
Keno	2	2	9.18%
Lotto	13	14	-8.17%
Pick 3	10	8	29.11%
Scratchers	1	3	-45.85%
Total	**153**	**135**	**13.96%**
Sports Bet			
Scratchers	0.04	-	100.00%
TOTAL	**153**	**135**	**13.99%**

CHAPTER FOUR
GAMING SECTOR

4.1 **Introduction**

The gaming sector consists of the gaming lounges and non gaming lounges. Operations with between 20 and 150 slot machines are classified as gaming lounges, whilst non-gaming lounge operations consist of a maximum of 19 machines, which can be inclusive of slots or “ten cents” machines.

Applications were received for the licensing of 4,392 gaming machines, the highest recorded in any fiscal year and conducted a total of 1,267 inspections.

Total revenues of $199.56 million were realized, with $148.57 million collected by the Inland Revenue Department as levy and gross profit tax, and $50.99 by the Commission as licence and disc fees.

4.2 Gaming Lounges

At the commencement of the fiscal period there were sixteen lounges in operation with 1,078 slot machines, accounting for 86.32% of payments made by the sector to the Inland Revenue Department and 82.60% to the Commission. **Table 6** identifies the payments (gross profit tax and contribution) by the respective gaming lounges for the period.

These amounts represent 7.5% and 2.5% of gross profit payable as tax and contribution, respectively, based on the Provisional Tax Order of November 1, 2005. Payment to the Commission of $500 per machine as disc fee is additional to the above taxes.

A comparison of the payments with that of the previous fiscal was not done, as the gross profit tax regime was implemented on November 1, 2005, accounting for only five months of the 2005/06 fiscal period, from which $39.14 million and $14.52 million were paid as levy and contribution.

TABLE 6
PAYMENTS BY GAMING LOUNGES
FINANCIAL YEAR 2006/07

LICENSEE / LOCATION		GOV. LEVY	BGLC
		$'M	$'M
PRIME SPORTS			
	HOLIDAY INN		
1	SUNSPREE	2.63	0.55
2	VILLAGIO	8.87	2.99
3	ACROPOLIS	12.71	4.52
TOTAL		**24.21**	**8.06**
CTS			
4	SUNSET BEACH & SPA	0.78	0.17
5	JAMAICA GRANDE	1.27	0.20
TOTAL		**2.05**	**0.37**
VILLAGE RESORTS			
6	HEDONISM II	0.27	0.05
7	GRAND LIDO	0.30	0.05
8	STARFISH	0.39	0.05
	BREEZES RUNAWAY		
9	BAY	0.17	0.02
10	HEDONISM III	0.49	0.06
TOTAL		**1.62**	**0.23**
VILLAGE SQUARE			
11	CORAL CLIFF*	27.05	9.02
12	MONTE CARLO	56.06	18.69
13	FLETCHER'S	0.08	0.03
14	FORTUNE GAMING	0.10	0.04
15	TREASURE HUNT	15.49	5.16
16	CARIBBEAN TREASURE	1.57	0.52
GRAND TOTAL		**128.23**	**42.12**

4.3 Non- Gaming Lounges

As depicted in **Table 7**, despite the 4% increase in the number of machines licensed over the previous fiscal year, there were declines in the amounts collected by the Inland Revenue and the Commission. This decline can be attributed to the reduction in the levy on locally operated (“ten cents”) machines, moving from $10,000 to $5,000 per annum. Additionally, gaming lounges since November 1, 2005 were no longer required to pay the licensing fee of $2,000 per machines to the Commission, as a result of the gross profit tax regime.

TABLE 7
NON- GAMING LOUNGES – LEVY, LICENSING & DISC FEES
FINANCIAL YEAR 2006/07

PERIOD	NO. GAMING MACHINES			LICENSE & DISC FEES			LEVY $'000		
	2006 / 07	2005 / 06	Variance	2006/ 07	2005/06	Variance	2006/ 07	2005/06	Variance
April	546	558	-2.2%	1,227.5	1,395.0	-12.0%	3,130.0	5,580.0	-43.9%
May	625	631	-1.0%	1,093.0	1,578.0	-30.7%	2,200.0	6,310.0	-65.1%
June	402	371	8.4%	820.0	928.0	-11.6%	1,780.0	3,710.0	-52.0%
July	311	428	-27.3%	780.0	1,070.0	-27.1%	1,820.0	4,070.0	-55.3%
August	385	139	177.0%	479.5	347.5	38.0%	1,255.0	1,390.0	-9.7%
September	119	136	-12.5%	297.5	340.0	-12.5%	620.0	1,360.0	-54.4%
October	180	151	19.2%	517.5	377.5	37.1%	1,390.0	1,510.0	-7.9%
November	283	260	8.8%	413.5	650.0	-36.4%	845.0	2,585.0	-67.3%
December	260	18	1344.4%	308	43.0	616.3%	765.0	160.0	378.1%
January	296	195	51.8%	723.5	563.5	28.4%	1,760.0	1,390.0	26.6%
February	336	342	-1.8%	842.5	843.5	-0.1%	1,865.0	2,410.0	-22.6%
March	649	960	-32.4%	1,364.0	2,007.0	-32.0%	2,915.0	4,600.0	-36.6%
TOTAL	**4392**	**4,189**	**4.85%**	**8,866.5**	**10,143.0**	**-12.59%**	**20,345.0**	**35,075.0**	**-42.00%**

4.4 Challenges

Throughout the fiscal period, the Commission continued to encounter challenges in its regulation of the sector. Although there has been an increase in the number of operators who have regularized their operations, the timely renewal of their licences and the unauthorized transfer of machines still pose a problem.

Considerable resources have been dedicated to the conduct of operations, inclusive of reminders, notices and seizures to deter the unlicensed operators. However, the Commission's personnel are limited in terms of the number of seizures that can be conducted based on the capacity of its storage facilties and the availability of personnel to conduct same.

CHAPTER FIVE
PRIZE COMPETITION SECTOR

5.1 Prize Competition

The Commission received a total of 389 applications for the conduct of prize competitions during the year under review. Two hundred and ninety nine applications were approved, 20 were cancelled by the applicants, 38 did not require approval under the Betting, Gaming and Lotteries Act, 7 were postponed, 9 were withdrawn, and 9 were not approved.

The **Table 8** below shows the distribution of competitions received on a monthly basis.

TABLE 8

Months (2006-2007)	Applications Received	Approval Granted	Cancelled	No Approval Required	Postponed	Withdrawn	No Approval Granted	Processing
April 2006	31	20	2	2	0	0	3	4
May	38	27	1	5	0	1	0	8
June	47	34	2	4	2	1	0	12
July	37	33	1	3	1	0	1	10
August	18	23	2	1	0	0	0	2
September	20	19	0	0	1	0	0	2
October	46	32	4	3	0	0	1	8
November	36	25	5	3	0	3	0	8
December	19	21	1	2	1	2	0	0
January 2007	31	21	1	4	0	1	1	3
February	36	23	1	6	2	0	3	4
March	30	21	0	5	0	1	0	7
Total	**389**	**299**	**20**	**38**	**7**	**9**	**9**	**7**

CHAPTER SIX
ENFORCEMENT ACTIVITIES

6.1 Introduction

As the enforcement arm of the Commission, the division's primary functions include:

- Gathering intelligence and managing a database of organized criminal groups involved in illegal activities.
- Conducting criminal and regulatory investigations on persons involved in illegal gaming activities, or breaches of their licences.
- Conducting background investigations on potential licensees and making recommendation regarding the granting of a licence.

The Division's objectives during the period included:

- Identifying and seizing illegal gaming machines.
- Conducting operations against lottery illegal activities and taking the main perpetrators before the courts.
- Reducing the extent of breaches of the BGLA by Licensees through several measures including the conduct of test betting activities at licensed betting activities, and bringing bookmakers in breach before the First Instance Tribunal.

6.2 Investigations & Operations

During the review period 198 operations were conducted, a 16% decline when compared to the 237 operations recorded during the corresponding period last year. Of this amount the seizure of gaming machines accounted for 181 of the total, whilst the remaining 16 involved raiding locations where illegal lottery and betting activities were being carried out. This represents a noticeable increase of 128.60%, when compared to the seven operations conducted in relation to these activities in the 2005/06 fiscal period.

Figure I below provides a graphical representation of the operations during the year and is complemented by **Figure II** showing a breakdown of the type of operations.

Resulting from the 198 operations, 38 persons were arrested, a 9% increase over the 35 arrests that were made during the corresponding period last year. Convictions also increased marginally by 9% to 25 persons, 2 more persons than those convicted in the 2005/06 fiscal period. Illegal operators have continued the fairly recent trend of providing their "employees" with legal representation and this has caused a tremendous increase in the number of Court appearances made by officers of the Commission and had adversely affected the conviction rate as more cases are now being traversed.

FIGURE I

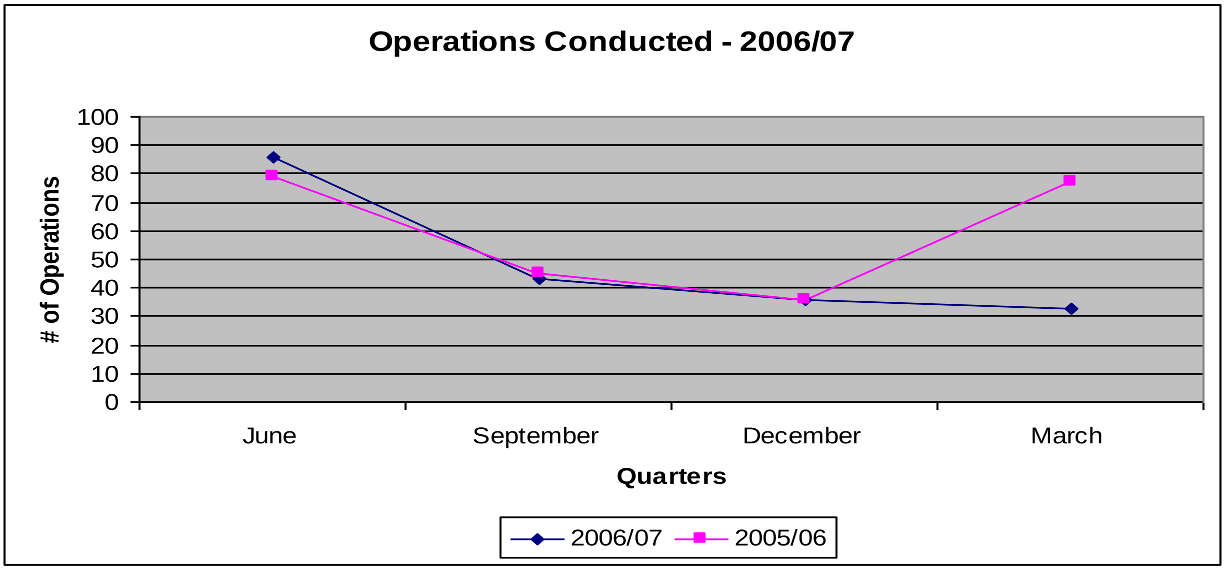
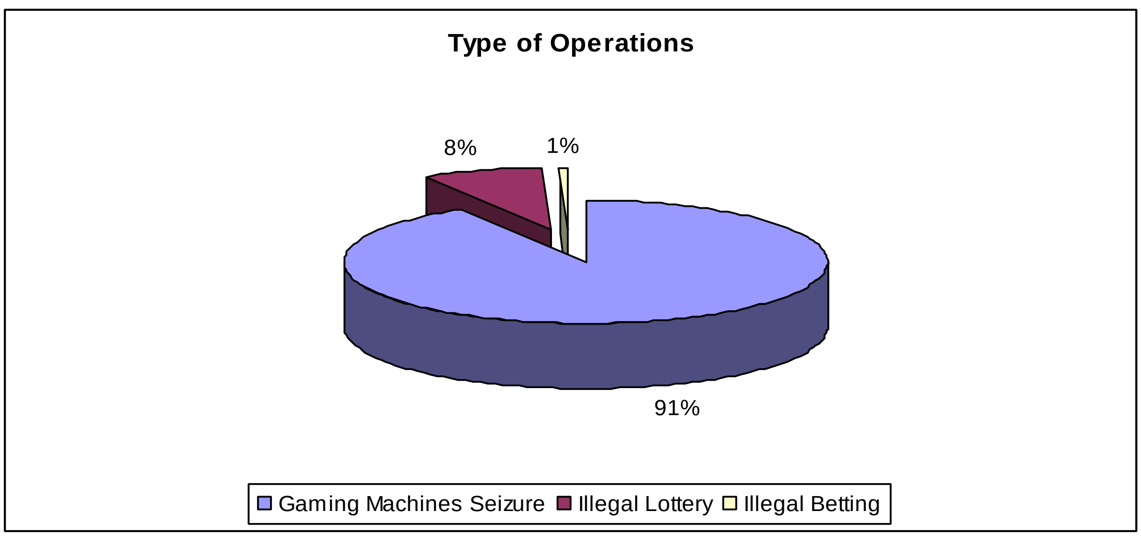


FIGURE II



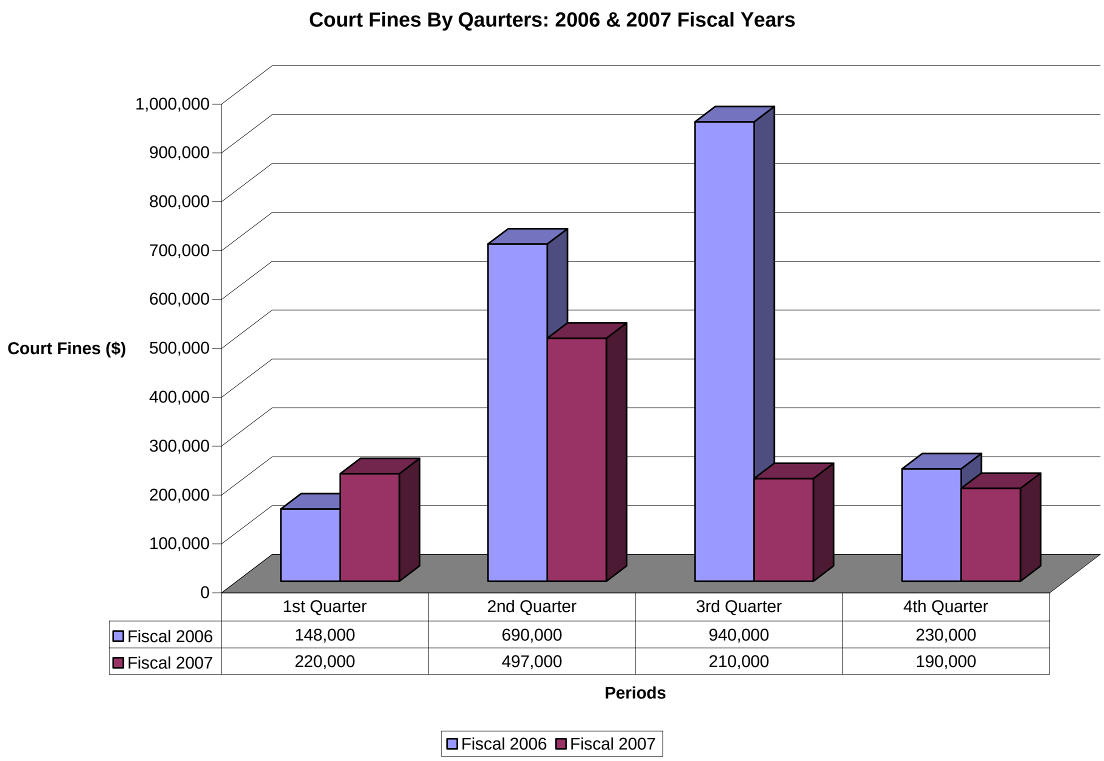
Cash seized from illegal operators was $395,387.00, a 33% decline when compared to the $298,145.00 that was seized during the corresponding 2005/06 period. These amounts were forfeited to the Crown upon conviction of persons charged for unlawful gaming under the Betting, Gaming and Lotteries Act.

6.3 Court & Tribunal Activities

Court appearances by officers' during the period were extensive, with visits made to Magistrate Courts islandwide. Court fines declined by 44% moving to $1.12 million compared to $2.01 million that was executed by the relevant Magistrate Courts during the previous fiscal year. **Figure III** gives a comparative glance by quarters of the court fines for the 2005/06 and 2006/07 fiscal years.

Tribunal Fines handed down in relation to enforcement activities totalled $1.140 million for the review period, whilst none was handed down during the previous fiscal year.

FIGURE III



6.4 Gaming Machines

During the review period the seizure of illegal gaming machines continued to be one of the main objectives for the Commission.

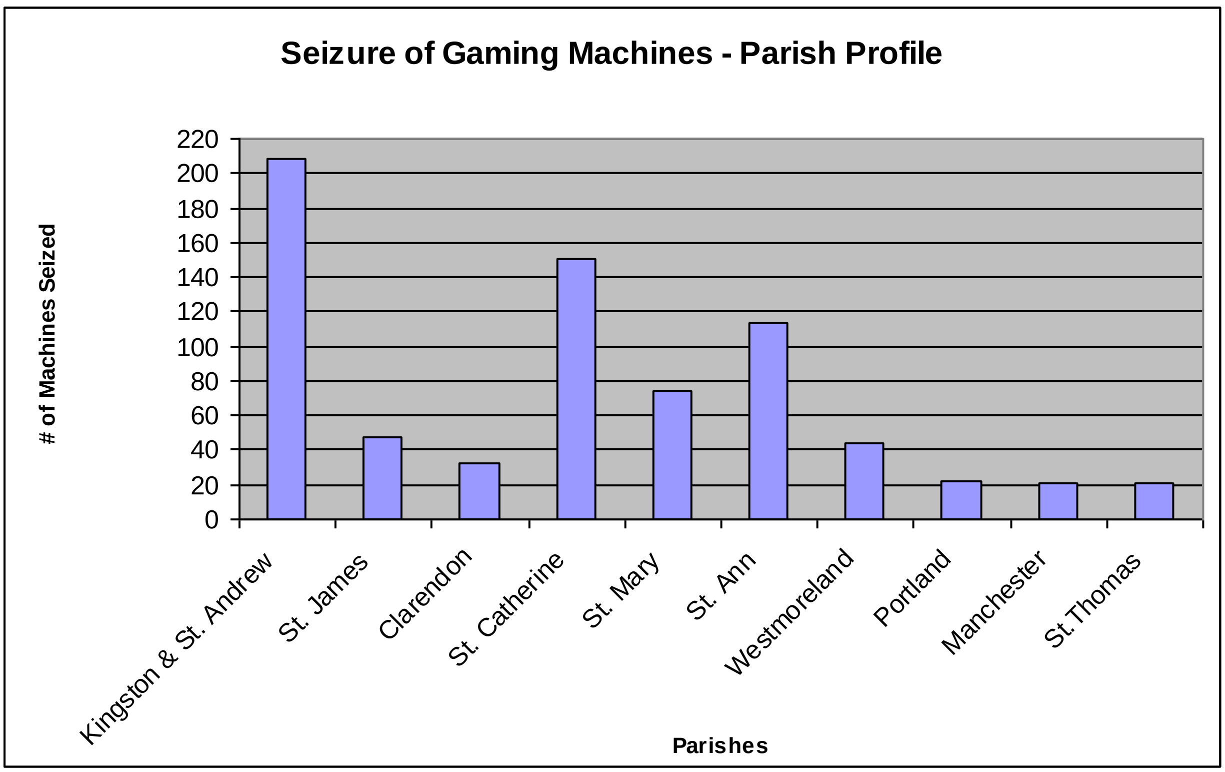
The 181 operations conducted in relation to the identification and seizure of illegal machines resulted in the seizure of 734 illegal machines, a 30% decline from the 1,050 seized last fiscal year. Of this total, 568 or 77% were subsequently licensed and returned to the operators, 36 were deemed to be "shells" and were subsequently destroyed, whilst 130 remain in storage. Five hundred and seven machines were seized during the previous fiscal year, and 490 subsequently licensed.

CHAPTER SIX - ENFORCEMENT ACTIVITIES

Revenues of $4.48 million were collected from the seizure of the gaming machines, of which $3.12 million was paid to the Inland Revenue, while the remaining $1.36 million went to the Commission. In addition to these amounts, $1.14 million was recovered from the transportation of the seized machines and $115,800.00 was paid as storage fee.

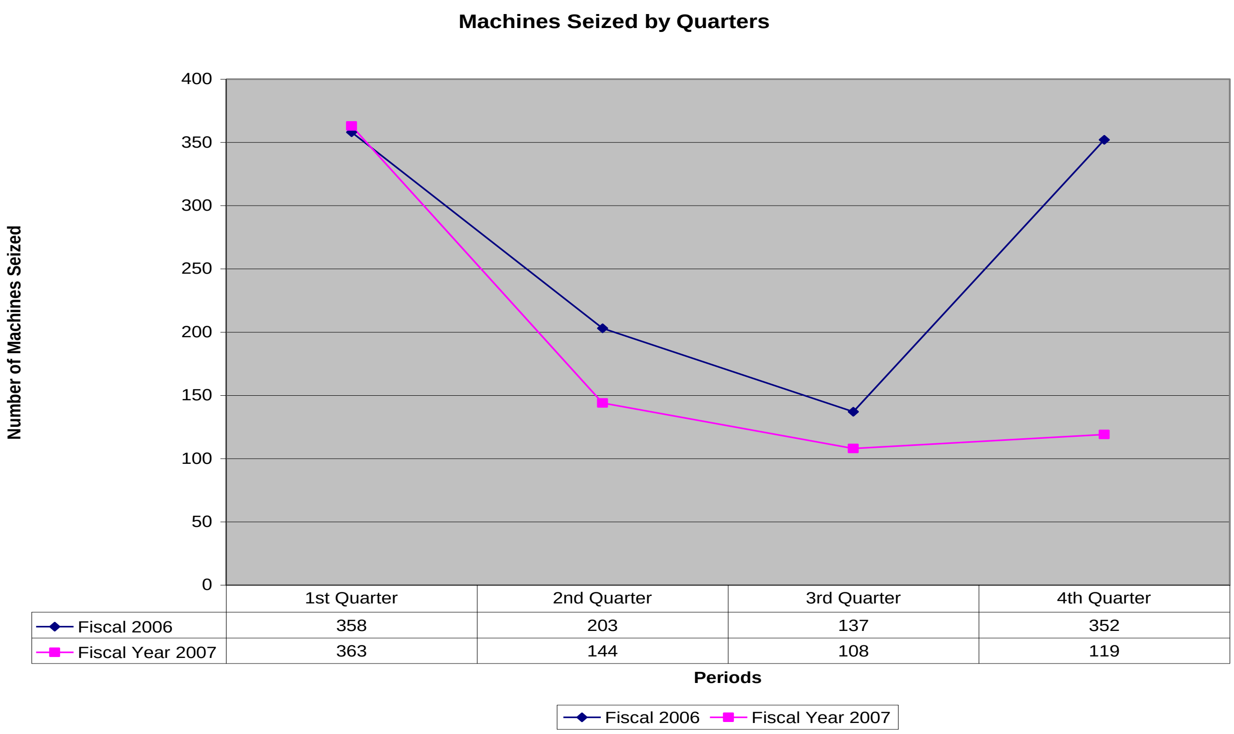
Figure VI shows the machines seized per parish with Kingston & St. Andrew recording the highest number of seizures for the period. An average of 184 machines were seized over the four quarters of the fiscal year, with the first quarter recording the highest number of seizures with 363 machines as depicted in **Figure V**. For the remaining three quarters of the review period, seizures declined due to a combination of improved compliance and inadequate storage facility.

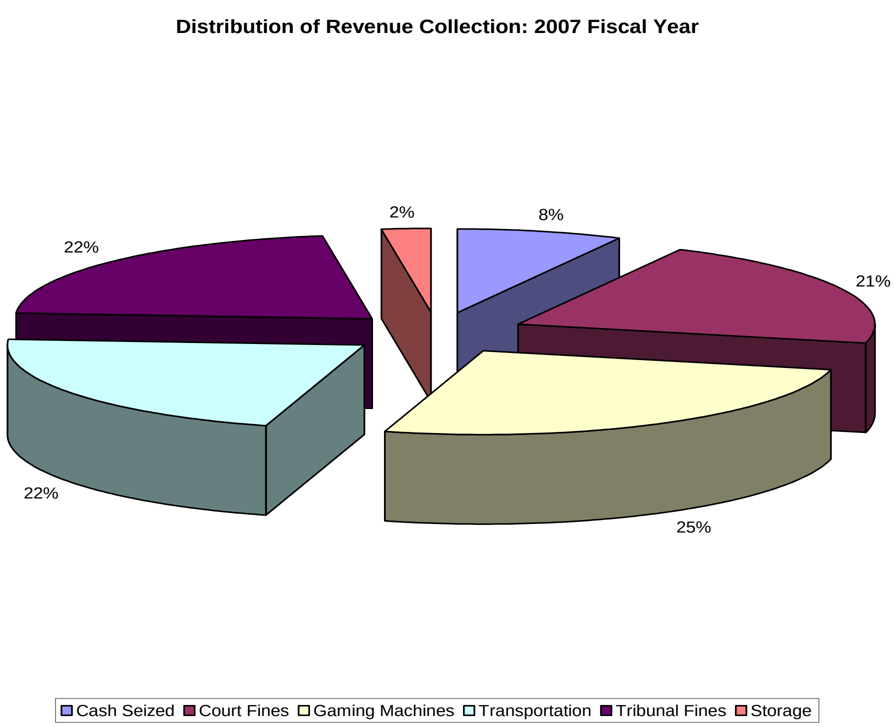
FIGURE IV



CHAPTER SIX - ENFORCEMENT ACTIVITIES

FIGURE V





6.5 Reports

Fifty reports were received during the period under review, a 15% decline when compared to the 59 reports that were received during the corresponding period last year. This decline in the number of reports continues the recent trend and is primarily due to the fact that most persons are now demanding a financial reward from the Commission prior to making their reports.

6.6 Due Diligence

During the review period, seven due diligence investigations were conducted, four were completed, three remain ongoing and one was withdrawn.

These investigations include:

- Sun City Gaming
- Supreme Ventures Limited
- Simultech Limited
- Sports Bet Limited
- Punters Paradise
- Level One Holdings Limited
- Andrew Davis

6.7 Summary

Table 1 highlights the major activities during 2006/2007 fiscal year while comparing them with the activities during 2005/2006.

TABLE 1

Enforcement Activities	2005/2006	2006/2007	% Change
Arrests	35	38	**9%**
Convictions	23	25	**9%**
Cash Seized from Illegal Operators	$298,143	$395,387	**33%**
Tribunal Fines	-	$1,140,000	**-**
Court Fines	$2,008,000	$1,117,000	**- 44%**
Reports Received	59	50	**- 15%**
Gaming Machines Seized	1050	734	**- 30%**
Operations	237	198	**- 16%**

Composition of Executive Management

Directors	Position	Basic Salary	Allowances
		$'m	$'m
Derek Peart	Executive Director	4.50	0.41
Leslie Wright	Director of Betting	3.67	0.91
Carl Hill	Director of Enforcement	3.49	0.57
Wayne Stewart	Director of Gaming & Lotteries	3.37	0.58
Merrick Brown	Director of Finance & Administration	3.67	5.45
Monique Harrison - Beckford	Legal Officer	3.19	0.86