

BETTING DIVISION QUARTERLY REPORT FOR QUARTER ENDED JUNE 2008

This report provides information on the performance of the racing promoter, Caymanas Track Limited, and the licensed bookmakers that make up the industry. Growth in sales over the review period was anaemic at best and improved by a mere 9% when compared to the corresponding quarter of the previous year, progressing from \$1.7B in the June quarter of 2007 to \$1.8B over the review period.

RACING PROMOTER

Table 1 shows that the racing promoter recorded sales of \$1.2B or 11% in excess of the \$1.1B recorded over the corresponding quarter of the previous year. Although the improvement in sales was not impressive, such sales were the largest for quarters ended June 2004 to June 2008 and were derived from a total of 19 local race days and 78 days of simulcast racing.

Sales on local races totalled \$688M or 17% in excess of the \$586M recorded over the corresponding period of the previous year. On the other hand sales on simulcast racing totalled \$500M or some 4% in excess of the \$483M for the corresponding quarter of the previous year. Such sales clearly indicate that while there was an acceptable increase in sales on local races the same was not the case where simulcast races were concerned.

**TABLE 1
SUMMARY OF RACE DAY SALES
QUARTERS ENDED JUNE 2004 - 2008**

| | Q/E JUNE 2004 | Q/E JUNE 2005 | % CHANGE | Q/E JUNE 2006 | % CHANGE | Q/E JUNE 2007 | % CHANGE | Q/E JUNE 2008 | % CHANGE |
|---------------------------|--------------------|--------------------|--------------|--------------------|--------------|----------------------|---------------|----------------------|---------------|
| RACING PROMOTER | | | | | | | | | |
| LOCAL | 414,606,222 | 456,669,906 | 10.15% | 493,262,922 | 8.01% | 585,546,447 | 18.71% | 687,588,499 | 17.43% |
| NO. OF RACE DAYS | 20 | 20 | | 19 | | 19 | | 19 | |
| AVG. SALES | 20,730,311 | 22,833,495 | 10.15% | 25,961,206 | 13.70% | 30,818,234 | 18.71% | 36,188,868 | 17.43% |
| SIMULCAST | 340,993,084 | 363,075,420 | 6.48% | 382,470,995 | 5.34% | 482,510,668 | 26.16% | 499,585,031 | 3.54% |
| NO. OF RACE DAYS | 77 | 78 | | 77 | | 77 | | 78 | |
| AVG. SALES | 4,428,482 | 4,654,813 | 5.11% | 4,967,156 | 6.71% | 6,266,372 | 26.16% | 6,404,936 | 2.21% |
| TOTAL FOR PROMOTER | 755,599,306 | 819,745,326 | 8.49% | 875,733,917 | 6.83% | 1,068,057,115 | 21.96% | 1,187,173,530 | 11.15% |

BOOKMAKERS

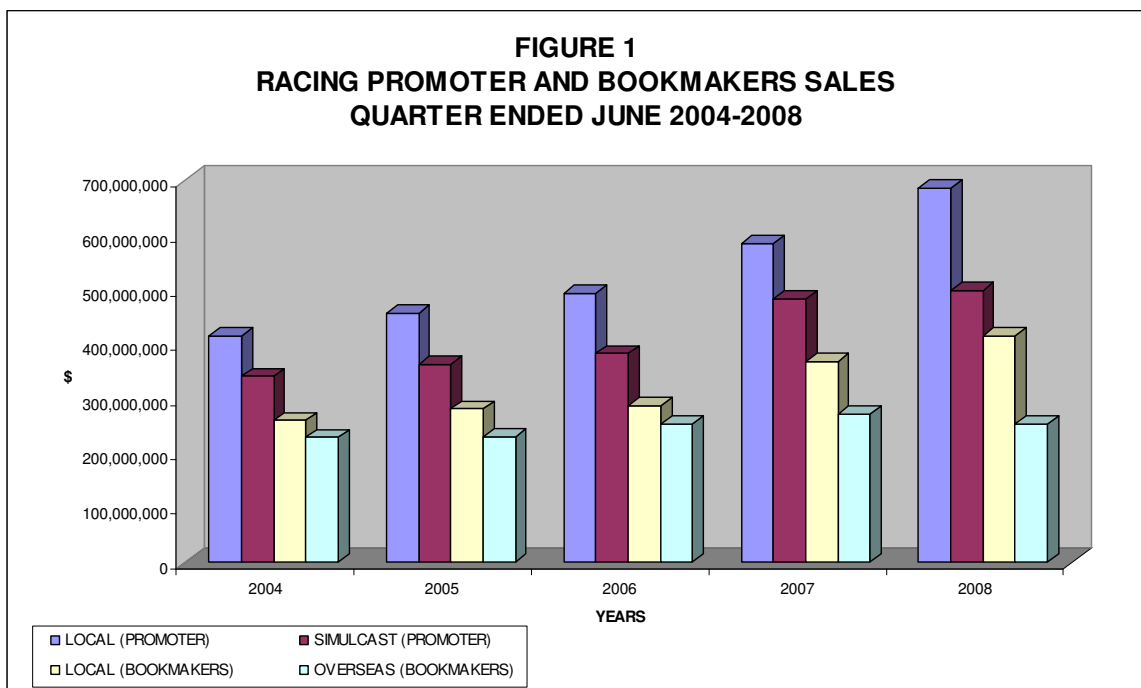
Table 2 provides information on the sales performance of ten of the eleven bookmakers that operated over the review period. Information on the eleventh bookmaker was not forthcoming as the bookmaker, Olympic Sports and Data Services Limited operated out of the Montego Bay Free Zone and accepted bets via the internet: the Free Zone status of the company allows no local taxes to be paid and as such, confirmation on sales, taxes and the like were not tabulated. Notwithstanding this however, the company's head office is visited on a regular basis by our inspectors.

Sales of \$670M were realized from the 19 local race meets and the 13 weeks of overseas races on which bets were accepted by the other ten bookmakers. Such sales were comprised of \$416M from local races, \$251M from overseas races and \$3M from sales on other sporting events. It should be noted that sales on local races increased from the \$369M recorded during the corresponding quarter of the previous year or by 13%, while sales on overseas races declined from the \$257M over the corresponding quarter of the previous year. In the case of sales on other sporting events, there was a decline of 78% moving from the \$15M recorded primarily on the Cricket World Cup in the Caribbean during the corresponding quarter of the previous year, to \$3M over the review period during which there was no significant sporting event in the region on which bets were accepted.

TABLE 2
SUMMARY OF RACE DAY SALES
QUARTERS ENDED JUNE 2004 - 2008

| | Q/E JUNE 2004 | Q/E JUNE 2005 | % CHANGE | Q/E JUNE 2006 | % CHANGE | Q/E JUNE 2007 | % CHANGE | Q/E JUNE 2008 | % CHANGE |
|-------------------------------|---------------|---------------|----------|---------------|----------|---------------|----------|---------------|----------|
| BOOKMAKERS | | | | | | | | | |
| LOCAL | 259,854,993 | 280,979,576 | 8.13% | 287,466,333 | 2.31% | 368,534,805 | 28.20% | 415,761,890 | 12.81% |
| NO. OF RAC DAYS | 20 | 20 | | 19 | | 19 | | 19 | |
| AVG. SALES | 12,992,750 | 14,048,979 | 8.13% | 15,129,807 | 7.69% | 19,396,569 | 28.20% | 21,882,205 | 12.81% |
| OVERSEAS | 226,109,662 | 227,480,853 | 0.61% | 249,849,569 | 9.83% | 256,668,078 | 2.73% | 250,961,149 | -2.22% |
| NO. OF RACE WEEKS | 13 | 13 | | 13 | | 13 | | 13 | |
| AVG. SALES | 17,393,051 | 17,498,527 | 0.61% | 19,219,198 | 9.83% | 19,743,698 | 2.73% | 19,304,704 | -2.22% |
| OTHER EVENTS | 2,675,245 | 2,204,603 | | 4,212,433 | | 15,201,533 | 260.87% | 3,376,687 | -77.79% |
| TOTAL FOR OVERSEAS | 228,784,907 | 229,685,456 | 0.39% | 254,062,002 | 10.61% | 271,869,611 | 7.01% | 254,337,836 | -6.45% |
| TOTAL FOR BOOKMAKERS | 488,639,900 | 510,665,032 | 4.51% | 541,528,335 | 6.04% | 640,404,416 | 18.26% | 670,099,726 | 4.64% |
| TOTAL FOR PROMOTER | 755,599,306 | 819,745,326 | 8.49% | 875,733,917 | 6.83% | 1,068,057,115 | 21.96% | 1,187,173,530 | 11.15% |
| TOTAL FOR THE INDUSTRY | 1,244,239,206 | 1,330,410,358 | 6.93% | 1,417,262,252 | 6.53% | 1,708,461,531 | 20.55% | 1,857,273,256 | 8.71% |

Figures 1 and 2 provide an overview of the dominance of the promoter on terms of sales generated within the industry. **Figure 1** shows that for the June quarters of the five-year period 2004 to 2008 the promoter's sales outstripped that of bookmakers with respect to both local and overseas races. **Figure 2** shows that the promoter was responsible for 64% of the sales generated within the industry, a 2% increase in the 62% recorded for the corresponding quarter of the previous year. While bookmakers were responsible for the remaining 36%, a 2% decline on the 38% reported over the corresponding quarter of the previous year.



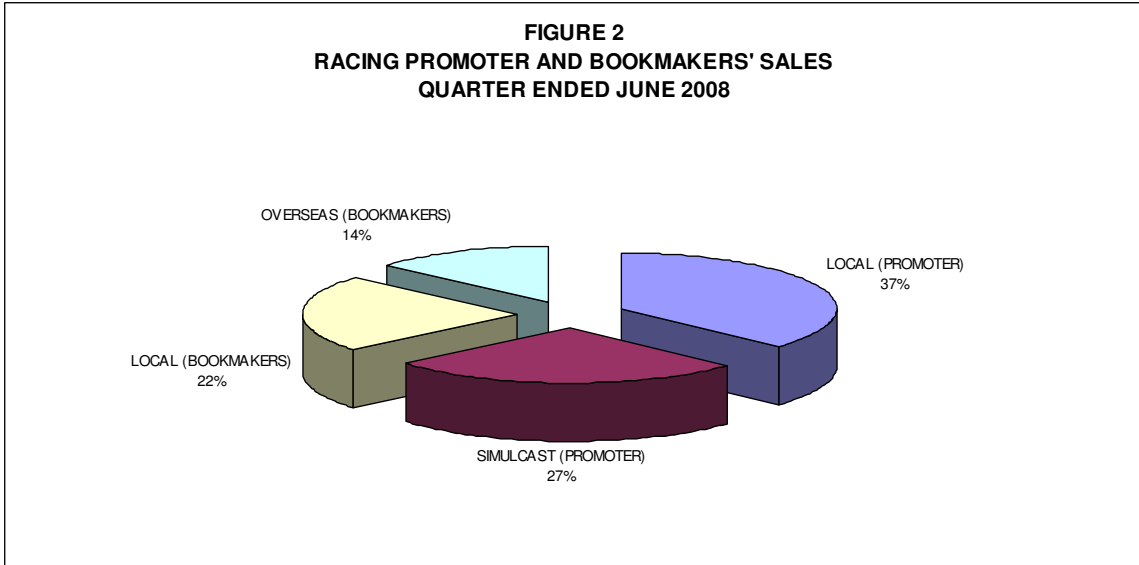
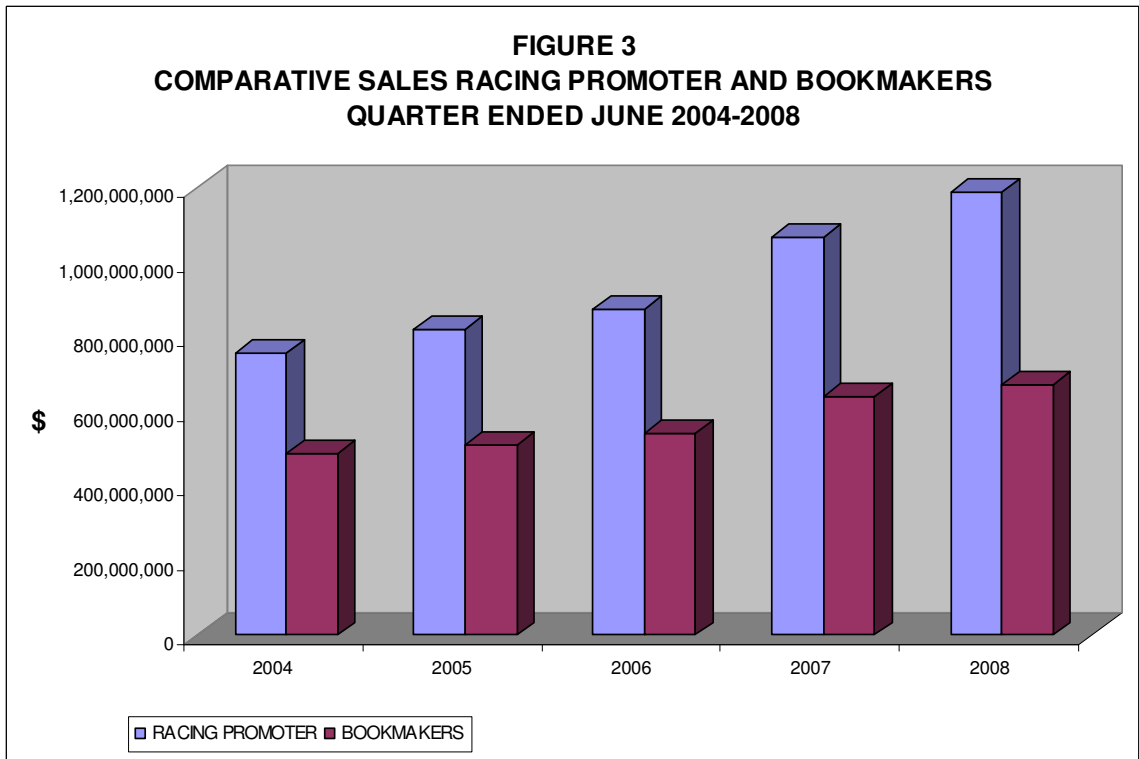


Figure 3 provides a comparative overview of the sales performance of the promoter and bookmakers over the June ended quarters 2004 – 2008. It shows that for each quarter over the five years, sales by the promoter outstripped that of bookmakers.



BOOKMAKERS' SALES

Table 3 and **Figure 4** provide details on the sales performance of ten of the eleven bookmakers. Track Price Plus Limited with 61 betting offices that accepted bets on local races and 48 of such offices also accepted bets on overseas races was the leading bookmaker with total sales of \$211M or 32% of the total sales generated by bookmakers. Champion Betting Company Limited with 46 betting offices that accepted bets on local races and 30 of such offices also accepted bets on overseas races recorded total sales of \$156M or 23% of total sales generated by bookmakers. In total, the abovementioned bookmakers were responsible for \$367M or 55% of the \$667M in sales generated by the bookmakers. On the converse, Big 'A' Track 2003 Limited with only 10 betting offices was the smallest bookmakers with sales of \$6M on local races or 1% of the total sales recorded by the industry.

**TABLE 3
BOOKMAKER'S LOCAL & OVERSEAS SALES
QUARTER ENDED JUNE 2008**

| BOOKMAKERS | LOCAL RACING | | OVERSEAS RACING | | |
|------------------------------------|--------------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| | SALES \$ | NO. OF BETTING OFFICES OPERATED | SALES HORSE RACING \$ | NO. OF BETTING OFFICES OPERATED | SALES SPORTS EVENT \$ |
| BIG 'A' TRACK 2003 LIMITED | 5,812,778 | 10 | N/A | N/A | N/A |
| CAPITAL BETTING & WAGERING LIMITED | 47,905,095 | 60 | N/A | N/A | N/A |
| CARIBBEAN TURF SERVICE LIMITED | 30,709,022 | 19 | N/A | N/A | N/A |
| CHAMPION BETTING COMPANY LIMITED | 86,323,245 | 46 | 70,101,586 | 30 | 0 |
| CHARLES OFF BETTING LIMITED | 11,666,941 | 27 | N/A | N/A | N/A |
| IDEAL BETTING COMPANY LIMITED | 22,449,399 | 26 | 18,629,517 | 16 | N/A |
| MARKHAM BETTING COMPANY LIMITED | 67,210,969 | 42 | 32,156,490 | 20 | 0 |
| POST TO POST BETTING LIMITED | 13,760,104 | 21 | N/A | N/A | N/A |
| SUMMIT BETTING COMPANY LIMITED | 17,624,666 | 36 | 31,555,747 | 23 | N/A |
| TRACK PRICE PLUS LIMITED | 112,299,671 | 61 | 98,517,809 | 48 | 3,376,687 |
| TOTAL | 415,761,890 | 348 | 250,961,149 | 137 | 3,376,687 |

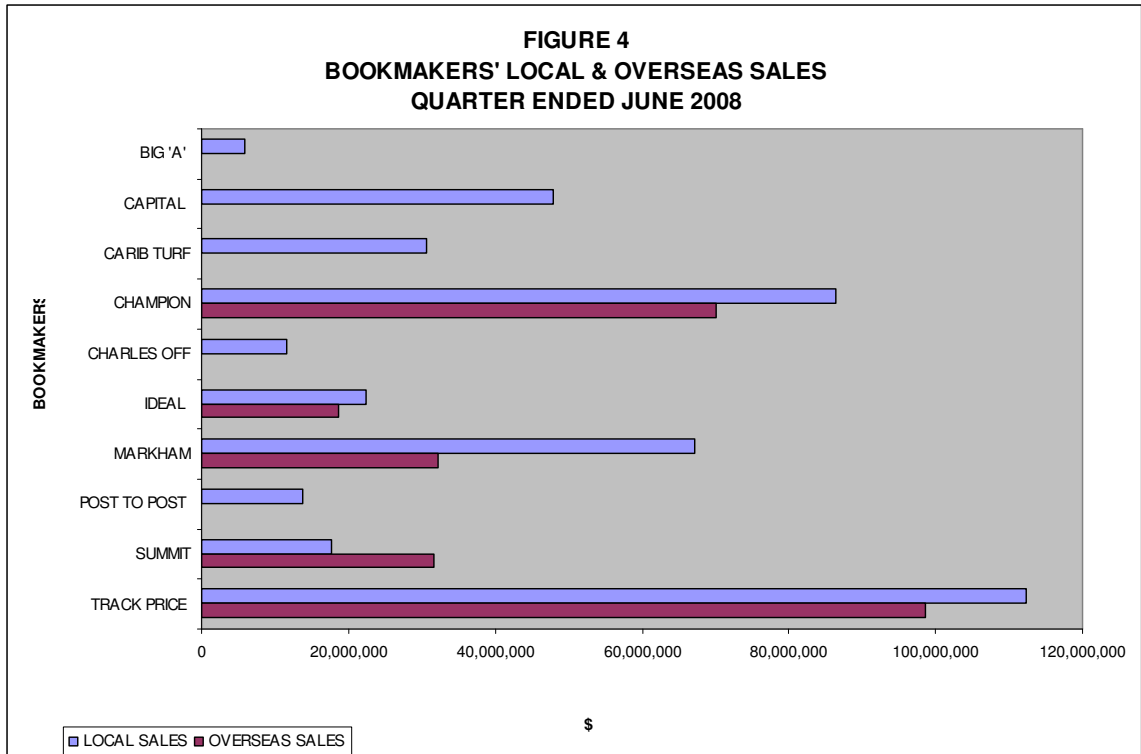


Table 4 provides a comparative view of the individual sales performance of bookmakers' on local and overseas races over the review period and for the corresponding period of the previous year. Two of the ten bookmakers recorded a decline in sales on local races over the review period when compared to the corresponding period of the previous year. Big 'A' Track 2003 Limited recorded a 50% decline moving from \$12M during the June ended quarter of 2007 to \$6M during the review period. This may have been caused by a reduction in the number of betting offices operated by the company from 24 in the June quarter of 2007 to 10 over the review period. Track Price Plus recorded a decline of 5% slipping from \$118M in the June ended quarter of 2007 to \$112M over the period under review. On the other hand, there was a 40% increase in sales on this betting mode by Markham Betting Company Limited, as sales progressed from \$48M at the end of the 2007 June quarter to \$67M during the period under review. In total, there was a 13% increase in sales on this betting mode, progressing from \$369M at the end of the June 2007 quarter to \$416M over the review period.

Three of the five bookmakers that accepted bets on overseas races reported increased sales over the review period when compared to the corresponding quarter of the previous year. Of the three, Summit Betting Co. Limited recorded the largest increase of 8%, moving from \$29M during the June quarter of 2007 to \$32M over the period under review. On the converse, Track Price Plus Limited recorded a 18% decline as sales dipped from \$124M in the June quarter of 2007 to \$102M during the quarter under review.

**TABLE 4
BOOKMAKERS' COMPARATIVE SALES
QUARTER ENDED JUNE 2007 & 2008**

| BOOKMAKERS | LOCAL 2007 | LOCAL 2008 | % CHANGE | OVERSEAS 2007 | OVERSEAS 2008 | % CHANGE |
|------------------------------------|--------------------|--------------------|---------------|--------------------|--------------------|---------------|
| BIG 'A' TRACK 2003 LIMITED | 12,054,873 | 5,812,778 | -51.78% | N/A | N/A | N/A |
| CAPITAL BETTING & WAGERING LIMITED | 36,672,974 | 47,905,095 | 30.63% | N/A | N/A | N/A |
| CARIBBEAN TURF SERVICE LIMITED | 29,552,901 | 30,709,022 | 3.91% | N/A | N/A | N/A |
| CHAMPION BETTING COMPANY LIMITED | 67,288,000 | 86,323,245 | 28.29% | 68,448,534 | 70,101,586 | 2.42% |
| CHARLES OFF BETTING LIMITED | 10,654,590 | 11,666,941 | 9.50% | N/A | N/A | N/A |
| IDEAL BETTING COMPANY LIMITED | 16,808,830 | 22,449,399 | 33.56% | 20,657,378 | 18,629,517 | -9.82% |
| MARKHAM BETTING COMPANY LIMITED | 47,722,853 | 67,210,969 | 40.84% | 29,984,459 | 32,156,490 | 7.24% |
| POST TO POST BETTING LIMITED | 13,421,080 | 13,760,104 | 2.53% | N/A | N/A | |
| SUMMIT BETTING COMPANY LIMITED | 16,562,353 | 17,624,666 | 6.41% | 29,183,570 | 31,555,747 | 8.13% |
| TRACK PRICE PLUS LIMITED | 117,796,351 | 112,299,671 | -4.67% | 123,595,670 | 101,894,496 | -17.56% |
| TOTAL | 368,534,805 | 415,761,890 | 12.81% | 271,869,611 | 254,337,836 | -6.45% |

Details on the average sales, payouts and gross profits realized by each bookmaker are shown at **Table 5**. From average sales of \$2M and average payouts of \$1M, bookmakers realized average gross profits or \$648K per betting office. Track Price Plus Limited recorded the largest average gross profit of \$1M per betting office from average sales of \$3M and average payout of \$2M. On the converse, Charles Off Betting Company Limited from average sales of \$432K and average payouts of \$291K realized average gross profits of \$141K.

**TABLE 5
INDIVIDUAL BOOKMAKER'S AVERAGES
QUARTER ENDED JUNE 2008**

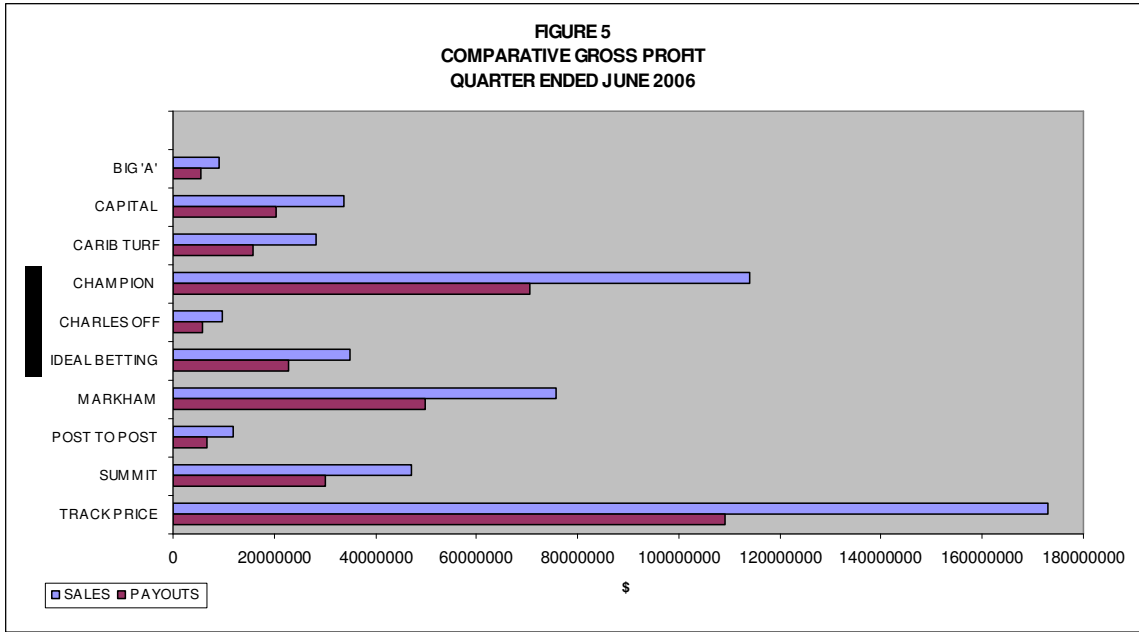
| BOOKMAKERS | BETTING OFFICES | TOTAL SALES | AVERAGE SALES | TOTAL PAYOUTS | AVERAGE PAYOUTS | TOTAL GROSS PROFIT | AVERAGE GROSS PROFIT |
|------------------------------------|-----------------|--------------------|------------------|--------------------|------------------|--------------------|----------------------|
| BIG 'A' TRACK 2003 LIMITED | 10 | 5,812,778 | 581,278 | 4,287,040 | 428,704 | 1,525,738 | 152,574 |
| CAPITAL BETTING & WAGERING LIMITED | 60 | 47,905,095 | 798,418 | 33,349,082 | 555,818 | 14,556,013 | 242,600 |
| CARIBBEAN TURF SERVICE LIMITED | 19 | 30,709,022 | 1,616,264 | 20,200,585 | 1,063,189 | 10,508,437 | 553,076 |
| CHAMPION BETTING COMPANY LIMITED | 46 | 156,424,831 | 3,400,540 | 106,251,326 | 2,309,811 | 50,173,505 | 1,090,728 |
| CHARLES OFF BETTING LIMITED | 27 | 11,666,941 | 432,109 | 7,857,931 | 291,034 | 3,809,010 | 141,074 |
| IDEAL BETTING COMPANY LIMITED | 26 | 41,078,916 | 1,579,958 | 26,609,178 | 1,023,430 | 14,469,738 | 556,528 |
| MARKHAM BETTING COMPANY LIMITED | 42 | 99,367,459 | 2,365,892 | 65,134,945 | 1,550,832 | 34,232,514 | 815,060 |
| POST TO POST BETTING LIMITED | 21 | 13,760,104 | 655,243 | 7,907,929 | 376,568 | 5,852,175 | 278,675 |
| SUMMIT BETTING COMPANY LIMITED | 36 | 49,180,413 | 1,366,123 | 32,520,297 | 903,342 | 16,660,116 | 462,781 |
| TRACK PRICE PLUS LIMITED | 61 | 210,817,480 | 3,456,024 | 137,251,393 | 2,250,023 | 73,566,087 | 1,206,001 |
| TOTAL/ AVERAGE | 348 | 666,723,039 | 1,915,871 | 441,369,706 | 1,268,304 | 225,353,333 | 647,567 |

GROSS PROFIT

Information on the gross profits realized by the promoter and bookmakers is presented at **Table 6** and **Figure 5**. The review period saw the promoter realizing gross profits of \$247M or 23% less than the \$323M reported during the corresponding quarter of the previous year. Such profits were realized from sales of \$1B and payouts of \$940M. At the same time, bookmakers realized gross profits of \$225M from sales of \$667M and payouts of \$442M. Such profits were 5% in excess of the \$215M realized during the corresponding quarter of the previous year.

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

| | Q/E JUNE 2004 | Q/E JUNE 2005 | Q/E JUNE 2006 | Q/E JUNE 2007 | Q/E JUNE 2008 |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <u>RACING PROMOTER</u> | | | | | |
| SALES | 755,599,306 | 819,745,326 | 875,733,917 | 1,068,057,115 | 1,187,173,530 |
| PAYOUTS | 505,779,987 | 511,057,312 | 596,649,122 | 745,084,675 | 940,260,456 |
| GROSS PROFIT | 249,819,319 | 308,688,014 | 279,084,795 | 322,972,440 | 246,913,074 |
| GROSS PROFIT AS A % OF SALES | 33.06% | 37.66% | 31.87% | 30.24% | 20.80% |
| <u>BOOKMAKERS</u> | | | | | |
| SALES | 488,639,900 | 510,665,032 | 537,315,902 | 625,202,883 | 666,723,039 |
| PAYOUTS | 314,113,378 | 329,727,618 | 336,898,596 | 409,865,710 | 441,369,706 |
| GROSS PROFIT | 174,526,522 | 180,937,414 | 200,417,306 | 215,337,173 | 225,353,333 |
| GROSS PROFIT AS A % OF SALES | 35.72% | 35.43% | 37.30% | 34.44% | 33.80% |



Information on the gross profits realized by individual bookmakers over the review period is provided at **Table 7**. Track Price Plus Limited with sales of \$211M and payouts of \$137M recorded payouts as a percentage of sales of 65% and gross profits of \$74M or gross profits as a percentage of sales of 35%. It should also be noted that Ideal Betting Company Limited with sales of \$41M and payouts of \$27M also recorded payouts as a percentage of sales of 65%. In contrast, Big 'A' Track 2003 Limited continued a trend started with the introduction of the gross profits system of taxation by having high payouts and for the review quarter recorded payouts as a percentage of sales of 74% well in excess of the industry average of 66%. In contrast, Post to Post Betting Limited with sales of \$14M and payouts of \$8M recorded the lowest payouts as a percentage of sales of 57%.

TABLE 7
INDIVIDUAL BOOKMAKER'S GROSS PROFIT
QUARTER ENDED JUNE 2008

| BOOKMAKERS | SALES | PAYOUTS | PAYOUTS AS A % OF SALES | GROSS PROFIT | GROSS PROFIT AS A % OF SALES |
|------------------------------------|--------------------|--------------------|------------------------------------|---------------------|---|
| BIG 'A' TRACK 2003 LIMITED | 5,812,778 | 4,287,040 | 73.75% | 1,525,738 | 26.25% |
| CAPITAL BETTING & WAGERING LIMITED | 47,905,095 | 33,349,082 | 69.61% | 14,556,013 | 30.39% |
| CARIBBEAN TURF SERVICE LIMITED | 30,709,022 | 20,200,585 | 65.78% | 10,508,437 | 34.22% |
| CHAMPION BETTING COMPANY LIMITED | 156,424,831 | 106,251,326 | 67.92% | 50,173,505 | 32.08% |
| CHARLES OFF BETTING LIMITED | 11,666,941 | 7,857,931 | 67.35% | 3,809,010 | 32.65% |
| IDEAL BETTING COMPANY LIMITED | 41,078,916 | 26,609,178 | 64.78% | 14,469,738 | 35.22% |
| MARKHAM BETTING COMPANY LIMITED | 99,367,459 | 65,134,945 | 65.55% | 34,232,514 | 34.45% |
| POST TO POST BETTING LIMITED | 13,760,104 | 7,907,929 | 57.47% | 5,852,175 | 42.53% |
| SUMMIT BETTING COMPANY LIMITED | 49,180,413 | 32,520,297 | 66.12% | 16,660,116 | 33.88% |
| TRACK PRICE PLUS LIMITED | 210,817,480 | 137,251,393 | 65.10% | 73,566,087 | 34.90% |
| TOTAL | 666,723,039 | 441,369,706 | 66.20% | 225,353,333 | 33.80% |

N.B: Sports Betting sales and payout of \$3,376,687 and \$3,220,143 respectively is not included in the above totals as the tax structure on this event is calculated as 10% Bet Winning Tax. (See table 8)

GOVERNMENT REVENUE

Details on the taxes and levies payable and paid by the promoter and bookmakers over the review period are at **Table 8**. Of the \$71M payable, \$63M was paid by licensees with bookmakers being responsible for \$44M and the promoter \$19M. The total paid by bookmakers was some 85% of the \$52M payable. This total was made up of \$28M from sales on local races and \$16M from sales on overseas races. The promoter's total was made up of \$8M from sales on local races and \$11M from sales on simulcast races.

Table 8

**TABLE 8
TAXES, DUTIES & LEVIES PAYABLE AND PAID
QUARTER ENDED JUNE 2008**

| BETTING MODE | TAXES, DUTIES & LEVIES | PAYABLE | PAID |
|----------------------------------|-----------------------------------|-------------------|-------------------|
| <u>BOOKMAKERS</u> | | | |
| LOCAL RACING | 9% GROSS PROFIT TAX | 12,174,840 | 19,972,603 |
| | 3% GROSS PROFIT TAX | 4,058,280 | 3,769,454 |
| | 11% GROSS PROFIT TAX | 14,880,360 | 4,065,891 |
| | \$80 SPECIFIC LEVY | 15,200 | 13,440 |
| | TOTAL | 31,128,681 | 27,821,388 |
| OVERSEAS RACES | 9% GROSS PROFIT TAX | 8,106,960 | 13,017,253 |
| | 3% GROSS PROFIT TAX | 2,702,320 | 2,556,910 |
| | 11% GROSS PROFIT TAX | 9,908,506 | 788,844 |
| | TOTAL | 20,717,786 | 16,363,007 |
| SPORT EVENTS | 10% BET-WINNING TAX | 322,014 | 300,875 |
| TOTAL FOR BOOKMAKERS | | 52,168,481 | 44,485,270 |
| <u>RACING PROMOTER</u> | | | |
| LOCAL RACING | 2% GROSS PROFIT TAX | 1,991,010 | 2,066,901 |
| | 1% GROSS PROFIT TAX | 995,505 | 1,033,451 |
| | 4 1/2% GROSS PROFIT TAX | 4,479,772 | 4,650,527 |
| | TOTAL | 7,466,286 | 7,750,879 |
| SIMULCAST RACING | 2% GROSS PROFIT TAX | 2,947,252 | 2,912,945 |
| | 1% GROSS PROFIT TAX | 1,473,626 | 1,456,472 |
| | 4 1/2% GROSS PROFIT TAX | 6,631,316 | 6,554,124 |
| | TOTAL | 11,052,194 | 10,923,541 |
| TOTAL FOR RACING PROMOTER | | 18,518,481 | 18,674,420 |
| INDUSTRY TOTAL | | 70,686,961 | 63,159,690 |

FIRST INSTANCE TRIBUNAL

There were six sittings of the First Instance Tribunal (FIT) over the review period as under:

| <u>Licensee</u> | <u>Sittings</u> |
|--------------------------|------------------------|
| SportsBet Games Limited | 4 |
| Track Price Plus Limited | 2 |

The matter pertaining to SportsBet Games Limited was concluded following a guilty plea by the Licensee. The attorney-at-Law that represented the company submitted a plea in mitigation following which 40 of the 88 charges before the FIT, were withdrawn by the Commission's legal representative. The Tribunal then imposed penalties totalling \$148,000 on the remaining 48 charges. Such penalties were subsequently paid within the 30 days stipulated by the FIT. The matter pertaining to Track Price Plus is on going.

CONCLUSION

The continued failure of bookmakers to pay contributions to the JRC is of great concern to the department and is a matter that ought to be resolved as a matter of urgency.

At the same time, the Division continues to struggle in meeting deadlines and achieving objectives due to the acute shortage of inspectors within the Inspectorate Department and accordingly it is feared that with the less than adequate monitoring in some areas revenue losses to government and the two Commissions was inescapable.

September 3, 2008
Betting Division

Staff Complement of the Betting Division is as follows:-

Director (1)

Senior Inspector (1)

Inspectors (5)

Audit Supervisor (1)

Senior Audit Clerk (1)

Audit Clerk (7)

Secretaries (2)