

BETTING DIVISION QUARTERLY REPORT

SEPTEMBER 2008

INTRODUCTION

This report provides information on the performance of the racing promoter, Caymanas Track Limited and the eleven bookmakers that made up the betting industry. It should be noted that sales information on the performance of one bookmaker, Olympic Sports Data Services Limited was not included as the company's unique status of operating within the Montego Bay Free Zone did not require such information to be reported.

THE RACING PROMOTER

The racing promoter conducted betting activities on two (2) betting modes, namely local horse racing and simulcast racing. Betting was conducted on twenty (20) local race meets and seventy-seven (77) days of simulcast racing over the review period.

Detailed at **Table 1** are the sales performance of the promoter during the quarter. The company generated overall sales of \$1.199 billion, an increase of 16% on the \$1.035 billion recorded for the corresponding quarter of 2007. Sales on local races resulted in a 20% increase moving from \$557 million for the September ended quarter of 2007 to \$668 million for the review period. Sales on simulcast races were \$531 million, 11% in excess of the \$478 million recorded for the corresponding quarter of the previous year.

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

	Q/E SEPT. 2004	Q/E SEPT. 2005	% CHANGE	Q/E SEPT. 2006	% CHANGE	Q/E SEPT. 2007	% CHANGE	Q/E SEPT. 2008	% CHANGE
RACING PROMOTER	\$	\$		\$		\$		\$	
LOCAL	330,511,697	452,186,603	36.81%	557,321,924	23.25%	557,081,167	-0.04%	667,824,215	19.88%
NO. OF RACE DAYS	18	20		22		19		20	
AVG. SALES	18,361,761	22,609,330	23.13%	25,332,815	12.05%	29,320,061	15.74%	33,391,211	13.89%
SIMULCAST	298,006,682	346,263,037	16.19%	443,984,540	28.22%	478,260,844	7.72%	531,413,735	11.11%
NO. OF RACE DAYS	74	75		79		75		77	
AVG. SALES	4,027,117	4,616,840	14.64%	5,620,057	21.73%	6,376,811	13.47%	6,901,477	8.23%
TOTAL FOR PROMOTER	628,518,379	798,449,640	27.04%	1,001,306,464	25.41%	1,035,342,011	3.40%	1,199,237,950	15.83%

BOOKMAKERS

Table 2 provides information on the overall sales performance of bookmakers over the review period. From a total of 341 betting offices located island wide, sales of \$541 million were recorded or 7% less than the \$580 million over the September 2007 ended quarter.

Notwithstanding the overall decline in sales experienced by bookmakers, sales on local races moved from \$334 million during the September ended quarter of 2007 to \$393 million, an increase of 18%. In contrast, sales recorded on overseas races for the review period were \$148 million, a decline of 39% when compared to the corresponding quarter of 2007 during which sales of \$243 million were recorded. The decline in sales by bookmakers may be attributed to a reduction in the number of racetracks from which races were carried during the review period.

TABLE 2
SUMMARY OF BOOKMAKERS' SALES
QUARTERS ENDED SEPTEMBER 2004 - 2008

	Q/E SEPT. 2004	Q/E SEPT. 2005	% CHANGE	Q/E SEPT. 2006	% CHANGE	Q/E SEPT. 2007	% CHANGE	Q/E SEPT. 2008	% CHANGE
BOOKMAKERS									
LOCAL	216,770,820	256,879,897	18.50%	348,967,416	35.85%	333,736,447	-4.36%	392,877,078	17.72%
NO. OF RACE DAYS	18	20		22		19		20	
AVG. SALES	12,042,823	12,843,995	6.65%	15,862,155	23.50%	17,565,076	10.74%	19,643,854	11.83%
OVERSEAS	174,080,811	206,658,376	18.71%	256,493,663	24.11%	243,319,920	-5.14%	148,398,288	-39.01%
NO. OF RACE WEEKS	13	13		13		12		13	
AVG. SALES	13,390,832	15,896,798	18.71%	19,730,282	24.11%	20,276,660	2.77%	11,415,253	-43.70%
SPORTS EVENT	1,127,509	1,572,270		2,318,176		3,268,146	40.98%	75,812	-97.68%
TOTAL FOR OVERSEAS	175,208,320	208,230,646	18.85%	258,811,839	24.29%	246,588,066	-4.72%	148,474,100	-39.79%
TOTAL FOR BOOKMAKERS	391,979,140	465,110,543	18.66%	607,779,255	30.67%	580,324,513	-4.52%	541,351,178	-6.72%
TOTAL FOR PROMOTER	628,518,379	798,449,640	27.04%	1,001,306,464	25.41%	1,035,342,011	3.40%	1,199,237,950	15.83%
TOTAL FOR THE INDUSTRY	1,020,497,519	1,263,560,183	23.82%	1,609,085,719	27.35%	1,615,666,524	0.41%	1,740,589,128	7.73%

INDUSTRY

Notwithstanding the challenges faced by both the promoter and bookmakers, sales within the industry grew by a modest 8% moving from \$1.616 billion in the September ended quarter of 2007 to \$1.741 billion during the review period. An overview of the performance of the industry for the September ended quarters for the five (5) year period 2004 – 2008 is shown at **Table 2**.

Figures 1 and 2 provide a graphic overview of the promoter’s dominance within the industry. During the review period the licensee recorded 68% of the sales generated within the industry, a 4% improvement over the September quarter of 2007 during which 64% of sales was achieved.

At the same time bookmakers reported a 4% decline in overall sales over the review period when compared to the corresponding period of the previous year, slipping from 36% to the current 32%. Such a decline was primarily caused by a 6% reduction in the recorded sales on overseas races by bookmakers moving from 15% in the September ended quarter of 2007 to 9% over the review period.

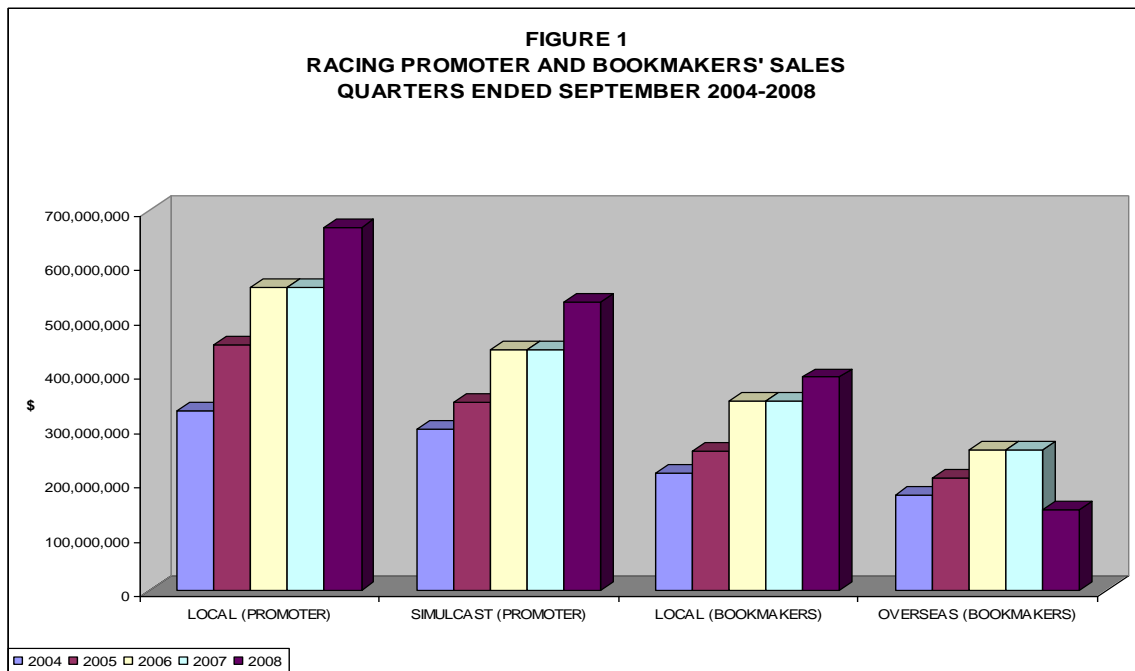
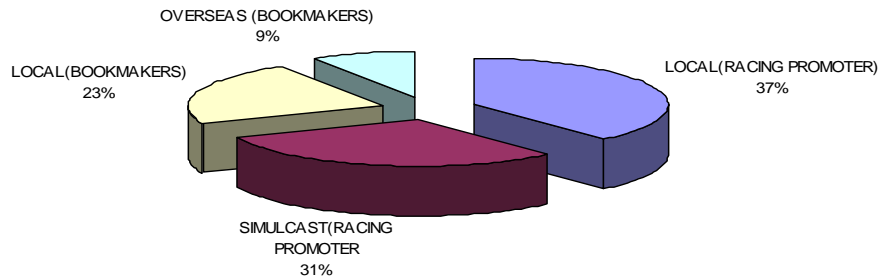


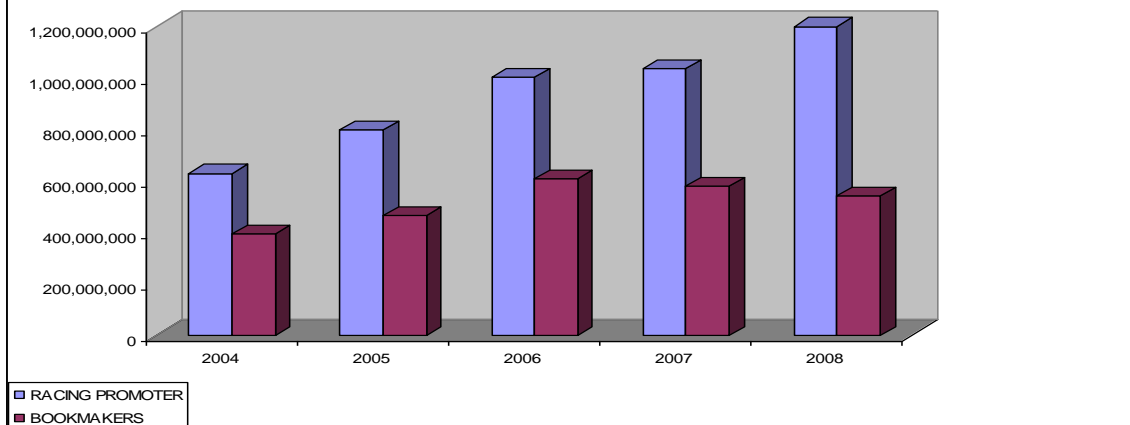
Figure 2 also shows that sales on local races were responsible for 60% of the total generated within the industry with the remaining 40% being on overseas races.

**FIGURE 2
RACING PROMOTER AND BOOKMAKERS' SALES
QUARTER ENDED SEPTEMBER 2008**



Presented at **Figure 3** is the comparative sales performance of the promoter and bookmakers for the September ended quarters of 2004 – 2008. The promoter’s dominance within the industry is clearly exhibited as throughout the five year period with sales exceeding that of bookmakers’ from a low of 60% in the September ended quarter of 2004 to a high of 122% for the September ended quarter of 2008.

**FIGURE 3
COMPARATIVE SALES RACING PROMOTER AND BOOKMAKERS
QUARTERS ENDED SEPTEMBER 2004 - 2008**



BOOKMAKERS' SALES

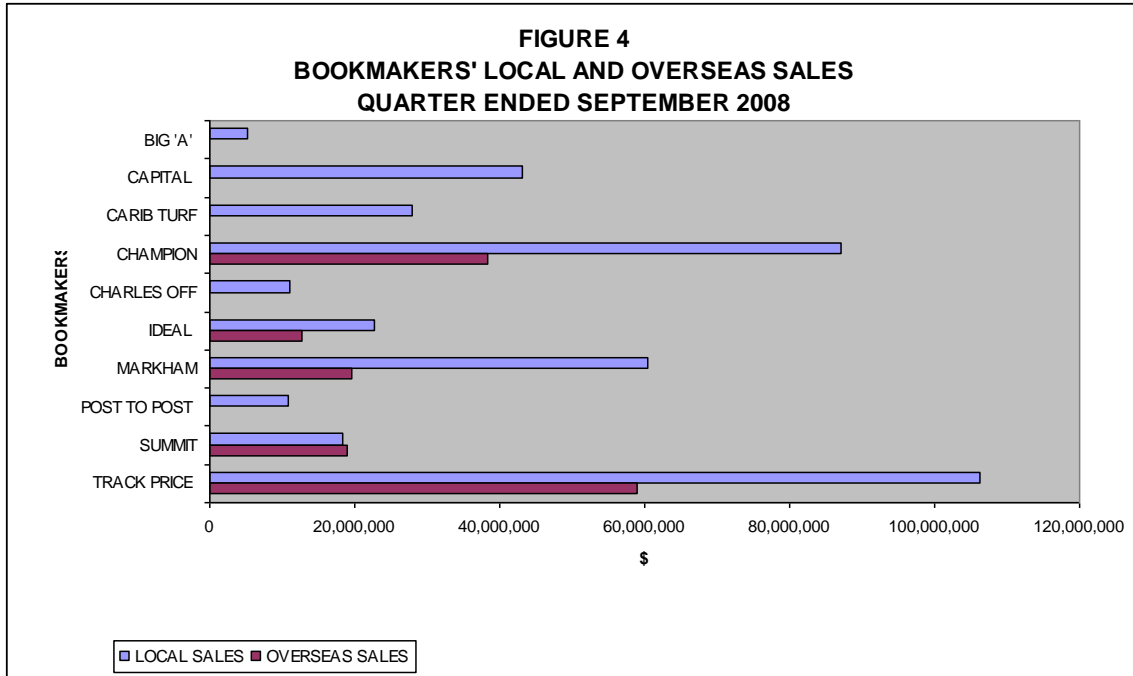
Table 3 and **Figure 4** provide information on the sales performance of individual bookmakers for the review period. Track Price Plus Limited with a complement of 61 betting offices retained the position as the island's premier bookmaking entity with total sales of \$165 million, some 17% less than the \$200 million recorded over the corresponding period of the previous year. The second largest bookmaking company with respect to sales generated, Champion Betting Company Limited, operated with 47 betting offices and recorded total sales of \$125 million or 1% less than the \$126 million recorded during the September ended quarter of 2007.

In assessing the performance of bookmakers over the review period it should be borne in mind that the performance on overseas sales was impacted by the failure of such licensees to access information from all race tracks in Great Britain. It is therefore anticipated that had this not been the case, there would have been an increase in the sales performance of such licensees on this betting mode.

With combined sales of \$291 million for the review period Track Price Plus Limited and Champion Betting Company Limited were responsible for 54% of total sales generated by bookmakers. In contrast, Big 'A' Track 2003 Limited operating with five betting offices recorded the lowest sales for the period of \$5 million.

**TABLE 3
BOOKMAKER'S LOCAL & OVERSEAS SALES
QUARTER ENDED SEPTEMBER 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	5,251,225	5	N/A	N/A	N/A
CAPITAL BETTING & WAGERING LIMITED	43,068,720	56	N/A	N/A	N/A
CARIBBEAN TURF SERVICE LIMITED	27,947,932	18	N/A	N/A	N/A
CHAMPION BETTING COMPANY LIMITED	87,067,565	47	38,344,147	31	0
CHARLES OFF BETTING LIMITED	10,996,627	26	N/A	N/A	N/A
IDEAL BETTING COMPANY LIMITED	22,616,615	27	12,667,983	17	N/A
MARKHAM BETTING COMPANY LIMITED	60,457,132	42	19,564,964	26	0
POST TO POST BETTING LIMITED	10,836,575	21	N/A	N/A	N/A
SUMMIT BETTING COMPANY LIMITED	18,390,475	38	18,907,383	35	N/A
TRACK PRICE PLUS LIMITED	106,244,212	61	58,913,811	49	75,812
TOTAL	392,877,078	341	148,398,288	158	75,812



Presented at **Table 4** is a comparative view of the individual sales performance of bookmakers on local and overseas races for the review period. Seven of the ten bookmakers recorded an increase on reported sales for local races when compared to corresponding quarter of the previous year. Champion Betting Company Limited recorded the largest increase of 43% with sales moving from \$61 million for the September quarter of 2007 to \$87 million for the review period. The smallest increase was recorded by Charles Off Betting Limited with sales of \$10.997 million, 2.74% in excess of the \$10.704 million reported for the corresponding quarter of the previous year.

On the converse, the largest decline was recorded by Big 'A' Track 2003 Limited, as sales slipped from \$10 million during the September ended quarter of 2007 to \$5 million for the period under review, a decline of 47%. The decline may be attributed to another bookmaking entity Capital Betting acquiring several betting offices that were previously operated by Big 'A' Track 2003 Limited during the past twelve (12) months.

All five (5) bookmakers that accepted bets on overseas races during the review period reported a decline in sales when compared with the corresponding period of the previous

year. Bookmakers were forced to conduct their operations with a reduced number of races, as contractual problems with their simulcast providers resulted in fewer races being televised for betting purposes. Accordingly, the largest decline in reported sales of 45% was recorded by Track Price Plus, moving from \$107 million for the September quarter of 2007 to \$59 million over the review period.

TABLE 4
BOOKMAKER'S COMPARATIVE SALES
QUARTER ENDED SEPTEMBER 2007 & 2008

BOOKMAKERS	LOCAL 2007	LOCAL 2008	% CHANGE	OVERSEAS 2007	OVERSEAS 2008	% CHANGE
BIG 'A' TRACK 2003 LTD.	9,876,270	5,251,225	-46.83%	N/A	N/A	N/A
CAPITAL BETTING & WAGERING LTD.	35,140,427	43,068,720	22.56%	N/A	N/A	N/A
CARIBBEAN TURF SERVICE LTD.	29,079,449	27,947,932	-3.89%	N/A	N/A	N/A
CHAMPION BETTING CO. LTD.	60,989,105	87,067,565	42.76%	65,475,025	38,344,147	-41.44%
CHARLES OFF BETTING LIMITED	10,703,850	10,996,627	2.74%	N/A	N/A	N/A
IDEAL BETTING COMPANY LIMITED	17,024,042	22,616,615	32.85%	16,831,698	12,667,983	-24.74%
MARKHAM BETTING COMPANY LIMITED	47,570,560	60,457,132	27.09%	27,644,748	19,564,964	-29.23%
POST TO POST BETTING LIMITED	12,979,119	10,836,575	-16.51%	N/A	N/A	N/A
SUMMIT BETTING COMPANY LIMITED	14,827,077	18,390,475	24.03%	29,247,162	18,907,383	-35.35%
TRACK PRICE PLUS LIMITED	95,546,548	106,244,212	11.20%	107,389,433	58,989,623	-45.07%
TOTAL	333,736,447	392,877,078	17.72%	246,588,066	148,474,100	-39.79%

Information on the Average Sales, Payouts and Gross Profits of individual bookmakers are shown at **Table 5**. The review period saw bookmakers recording average gross profits per betting office of \$539,930 from average sales and payouts of \$1,587,318 and \$1,047,388 respectively. This was a marginal decrease of 0.19% when compared to the average per betting office of \$540,948 recorded during the September quarter of 2007. Champion Betting Company Limited operated 47 betting offices and recorded the largest average gross profit per betting office of \$929,640 followed by Track Price Plus Limited that operated 67 betting offices with gross profits of \$893,903 per betting office. The smallest average gross profit per betting office of \$186,849 was recorded by Charles Off Betting whose operations were conducted from a total of 26 betting offices.

**TABLE 5
INDIVIDUAL BOOKMAKER'S AVERAGES GROSS PROFITS
QUARTER ENDED SEPTEMBER 2008**

BOOKMAKERS	BETTING OFFICES	TOTAL SALES	AVERAGE SALES	TOTAL PAYOUTS	AVERAGE PAYOUTS	AVG. GROSS PROFIT
BIG 'A' TRACK 2003 LTD.	5	5,251,225	1,050,245	3,311,913	662,383	387,862
CAPITAL BETTING & WAGERING LTD.	56	43,068,720	769,084	29,755,907	531,355	237,729
CARIBBEAN TURF SERVICE LTD.	18	27,947,932	1,552,663	18,409,315	1,022,740	529,923
CHAMPION BETTING CO. LTD.	47	125,411,712	2,668,334	81,718,636	1,738,694	929,640
CHARLES OFF BETTING LIMITED	26	10,996,627	422,947	6,138,564	236,099	186,849
IDEAL BETTING COMPANY LIMITED	27	35,284,598	1,306,837	24,209,807	896,660	410,177
MARKHAM BETTING COMPANY LIMITED	42	80,022,096	1,905,288	52,685,269	1,254,411	650,877
POST TO POST BETTING LIMITED	21	10,836,575	516,027	6,202,893	295,376	220,652
SUMMIT BETTING COMPANY LIMITED	38	37,297,858	981,523	24,099,419	634,195	347,327
TRACK PRICE PLUS LIMITED	61	165,158,023	2,707,509	110,627,419	1,813,564	893,944
TOTAL/AVERAGE	341	541,275,366	1,587,318	357,159,142	1,047,388	539,930

N.B: Sports Betting sales and payout of \$75,812 and \$43,058 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)

GROSS PROFIT

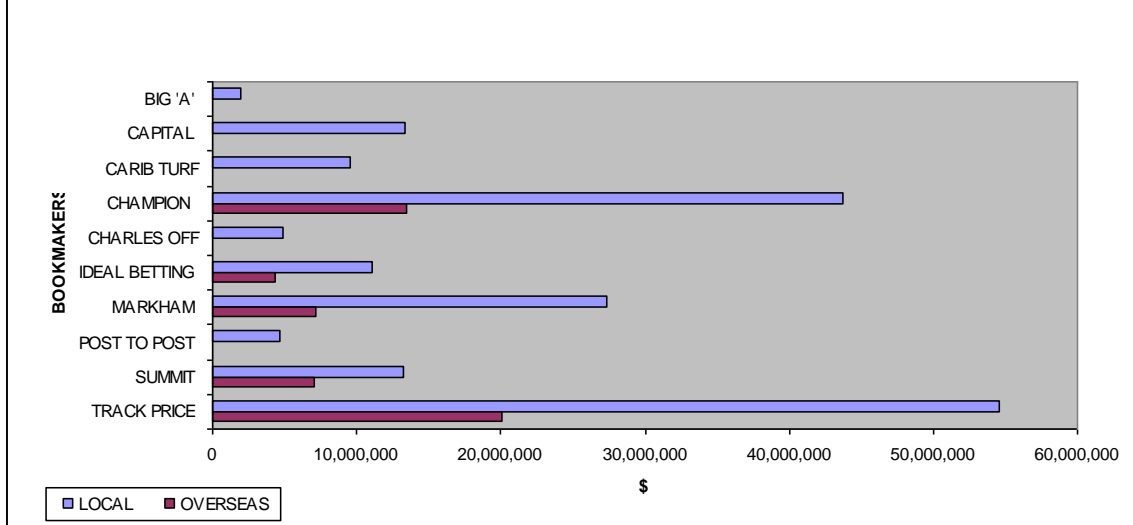
Information on the gross profits realized by the promoter and bookmakers is presented at **Table 6** and **Figure 5**. The Promoter realized \$269 million in gross profit or 14% less than the \$313 million reported during the corresponding quarter of the previous year. The gross profit generated by the promoter was realized from sales of \$1.2 billion and payouts of \$930 million. At the same time, bookmakers realized gross profits of \$184 million, as revenues showed an 8% decline, slipping from \$199 million for the September ended quarter of 2007 to \$184 million over the review period.

**TABLE 6
GROSS PROFIT
RACING PROMOTER AND BOOKMAKERS
QUARTER ENDED SEPTEMBER 2008**

	Q/E SEPT. 2004	Q/E SEPT. 2005	Q/E SEPT. 2006	Q/E SEPT. 2007	Q/E SEPT. 2008
	\$	\$	\$	\$	\$
<u>RACING PROMOTER</u>					
SALES	628,112,825	798,449,640	1,001,306,464	1,035,342,011	1,199,237,950
PAYOUTS	428,702,916	540,915,741	680,588,196	722,709,601	930,472,666
GROSS PROFIT	199,409,909	257,533,899	320,718,268	312,632,410	268,765,284
GROSS PROFIT AS A % OF SALES	31.75%	32.25%	32.03%	30.20%	22.41%
<u>BOOKMAKERS</u>					
SALES	392,199,416	465,088,909	605,455,318	577,056,367	541,275,366
PAYOUTS	256,515,911	294,081,039	380,913,011	377,987,624	357,159,142
GROSS PROFIT	135,683,505	171,007,870	224,542,307	199,068,743	184,116,224
GROSS PROFIT AS A % OF SALES	34.60%	36.77%	37.09%	34.50%	34.02%

N.B: Sports Betting sales and payout of \$75,812 and \$43,058 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)

**FIGURE 5
COMPARATIVE GROSS PROFIT
QUARTER ENDED SEPTEMBER 2008**



Shown at **Table 7** is information on the gross profit realized by individual bookmakers. Track Price Plus Limited with sales of \$165 million and payouts of \$111 million, realized the largest gross profit of \$54 million, some 25% less than the \$72 million generated for the corresponding quarter of the previous year. In contrast, Big 'A' Track 2003 Limited with sales of \$5 million and payouts of \$3 million, realized the lowest gross profit of \$2 million.

**TABLE 7
INDIVIDUAL BOOKMAKER'S GROSS PROFIT
QUARTER ENDED SEPTEMBER 2008**

BOOKMAKERS	SALES	PAYOUTS	PAYOUTS AS A % OF SALES	GROSS PROFIT
BIG 'A' TRACK 2003 LIMITED	5,251,225	3,311,913	63.07%	1,939,312
CAPITAL BETTING & WAGERING LIMITED	43,068,720	29,755,907	69.09%	13,312,813
CARIBBEAN TURF SERVICE LIMITED	27,947,932	18,409,315	65.87%	9,538,617
CHAMPION BETTING COMPANY LIMITED	125,411,712	81,718,636	65.16%	43,693,076
CHARLES OFF BETTING LIMITED	10,996,627	6,138,564	55.82%	4,858,063
IDEAL BETTING COMPANY LIMITED	35,284,598	24,209,807	68.61%	11,074,791
MARKHAM BETTING COMPANY LIMITED	80,022,096	52,685,269	65.84%	27,336,827
POST TO POST BETTING LIMITED	10,836,575	6,202,893	57.24%	4,633,682
SUMMIT BETTING COMPANY LIMITED	37,297,858	24,099,419	64.61%	13,198,439
TRACK PRICE PLUS LIMITED	165,158,023	110,627,419	66.98%	54,530,604
TOTAL	541,275,366	357,159,142	65.98%	184,116,224

N.B: Sports Betting sales and payout of \$75,812 and \$43,058 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 taxes and levies payable and paid by the promoter and bookmakers over the review period are shown at **Table 8**. A total of \$63.182 million in taxes were paid by licensees, 1% in excess of the \$62.524 million payable, as outstanding payments from the previous quarter were liquidated during the review period. Payment of such arrears were made primarily by the promoter.

In total, \$24 million was paid by the promoter for the review period, some 17% in excess of the \$20 million payable. Bookmakers in contrast paid \$40 million, 95% of the \$42 million payable for the review period. It should be noted that in contrast to the corresponding period of the previous year, the promoter has become compliant with regards to the payment of the 4.5% of gross profits to the Jamaica Racing Commission. Bookmakers on the other hand continue to be tardy in making payments at 11% of gross profits and instead continue to make such payment at 4.5% of gross profits.

**TABLE 8
TAXES, DUTIES & LEVIES
BOOKMAKERS AND RACING PROMOTER
QUARTER ENDED SEPTEMBER 2008**

BETTING MODE	LEVY, TAXES & DUTIES	PAYABLE	PAID TO DATE
BOOKMAKER			
LOCAL RACING	9% GROSS PROFIT TAX - CONSOL. FUND	11,877,737	14,822,211
	3% GROSS PROFIT TAX - BGLC	3,959,246	4,805,816
	11% GROSS PROFIT TAX - JRC	14,517,234	7,988,016
	\$80 SPECIFIC LEVY	16,000	18,160
		30,370,216	27,634,203
OVERSEAS RACING	9% GROSS PROFIT TAX - CONSOL. FUND	4,692,724	6,524,397
	3% GROSS PROFIT TAX - BGLC	1,564,241	2,174,873
	11% GROSS PROFIT TAX - JRC	5,735,551	3,259,576
		11,992,516	11,958,846
SPORTS EVENTS	10% BET- WINNINGS TAX	4,306	69,891
TOTAL FOR BOOKMAKERS		42,367,038	39,662,940
RACING PROMOTER			
LOCAL RACING	2% GROSS PROFIT TAX	2,236,910	2,708,958
	1% GROSS PROFIT TO BGLC	1,118,455	1,354,479
	4.5% GROSS PROFIT TO JRC	5,033,048	6,095,155
		8,388,414	10,158,592
SIMULCAST	2% GROSS PROFIT TAX	3,138,395	3,562,717
	1% GROSS PROFIT TO BGLC	1,569,198	1,781,359
	4.5% GROSS PROFIT TO JRC	7,061,389	8,016,114
		11,768,982	13,360,190
TOTAL FOR THE PROMOTER		20,157,396	23,518,782
TOTAL FOR THE INDUSTRY		62,524,434	63,181,722

FIRST INSTANCE TRIBUNAL

There were six Tribunal hearings over the review period as under:-

Licensee	Charges	Status
Track Price Plus Ltd	July 8 - 46 charges for failing to submit receipts attesting to the payment of gross profit tax.	The company's legal representative requested that the Minister of Finance be contacted to determine whether or not the company fell within the recently announced tax amnesty.
Post to Post Betting Ltd	July 8 – 10 charges for failing to deliver vouchers within fourteen days of the preparation of such vouchers in respect of horse races held in Jamaica.	The bookmaker plead guilty and was ordered to pay penalties in the amount of \$90,000 within seven days of the hearing.
Track Price Plus Limited	Aug. 5 – 46 charges pertaining to the non-submission of receipts attesting to the payment of GPT.	Matter adjourned to October 30 th to facilitate the Commission contacting the Ministry of Finance as to whether or not the company qualified for the current tax amnesty.
Capital Betting & Wagering	Aug. 21 - failing to produce voucher control records and payout sheets at two betting offices.	Matters set for mention on October 7, 2008
Capital Betting & Wagering Limited	September 9 and 13 Four charges for failing to produce payout sheets and voucher control records on two separate days at betting office located at Delroy Nelson's premises, Spring Village, St. Catherine.	Matter was adjourned to November 11, 2008 for trial.
Capital Betting & Wagering Limited	September 9 and 13 One charge for the duplication of betting vouchers used at betting office located at Esther Thomas premises, Main Street, Porus, Manchester.	Trial completed. Tribunal decision to be handed down on November 11, 2008.

CONCLUSION

The shortage of staff within the inspectorate department continues to be a source of concern and has impacted negatively on the department's ability to meet established

objective and deadlines. This shortage has also affected our ability to adequately monitor betting offices, particularly in western Jamaica over the review period and may also have resulted in a downturn in revenue collection to both government coffers and this Commission.

Another area of concern was the reduction in sales on overseas races, primarily by bookmakers who continue to be affected by the impasse with their overseas racing providers. This has resulted in an approximately 50% reduction in the number of race tracks from which races were taken for wagering over the review period. It has now been established that this reduction has resulted in a down turn in sales and may have negatively impacted the taxes and contributions payable.

January 27, 2009