

Olympic Entertainment Group AS

Consolidated unaudited interim financial report  
for the 12 months and 4<sup>th</sup> quarter of 2006

|                             |  |
|-----------------------------|--|
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| Beginning of financial year | 1 January 2006   |
| End of reporting period     | 31 December 2006   |
| Managing director           | Armin Karu   |
| Auditor                     | KPMG Baltics AS  |

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## DIRECTORS' REPORT

### Corporate profile

Olympic Entertainment Group AS (hereinafter also the "Group") is a leading gaming services provider in the Baltic countries (Estonia, Latvia and Lithuania); in addition, Olympic Entertainment Group AS is expanding swiftly in Ukraine and Belarus and preparing for entry into the Polish casino market.

Olympic Entertainment Group AS has been listed in the main list of Tallinn Stock Exchange since 23 October 2006.

The company's head office is located at Pronksi 19, Tallinn.

The Group operates slot and table casinos, and casino bars at the majority of its casinos. At 31 December 2006, the Group had 79 casinos and employed 2,342 people in 5 countries. At the date of release of this report, 27 February 2007, the Group was operating 82 casinos: 24 in Estonia, 38 in Latvia, 10 in Lithuania, 9 in Ukraine and 1 in Belarus.

The Group is a firm market leader in Estonia and Lithuania and holds the second position in the Latvian casino market, while the Ukrainian and Belorussian subsidiaries are focused on gaining and expanding their market share.

Olympic Entertainment Group AS is the Group's ultimate holding company, which deals with the Group's strategic management and financing. The operations of the Group's casinos are managed by local subsidiaries: Olympic Casino Eesti AS in Estonia, Olympic Casino Latvia SIA and Baltic Gaming AS in Latvia, Olympic Casino Group Baltija UAB in Lithuania, Olympic Casino Ukraine TOV in Ukraine and Olympic Casino Bel IP in Belarus. In Estonia, Latvia and Lithuania the Group's ancillary operations, such as the operation of a hotel in Tallinn and the running of casino bars, have been separated from casino operations and assigned to relevantly specialized legal persons. A complete list of Group companies can be found in note 8 to the financial statements.

The Group's casino service providers operate their casinos under the Olympic Casino brand name, except for the Latvian subsidiary Baltic Gaming AS (an acquisition of 2005), which operates its casinos under the Bumerangs brand name. At the end of 2006 already 4 casinos were operating under the Olympic Casino brand name. In Estonia, Latvia and Lithuania, Olympic Casinos operate in conformity with the international quality management standard ISO 9001 (in Estonia since 1998, in Latvia and Lithuania since 2004).

### Consolidated unaudited financial results for 2006

Highlights, 12 months of 2006:

|                    |  |
|--------------------|--|
| Revenue:           | 1,669.2 million Estonian kroons (growth 89.7%) |
| Operating profit:  | 443.5 million Estonian kroons (growth 98.4%)   |
| Operating margin*: | 26.6% (2005: 25.4%)                            |
| Profit before tax: | 445.1 million Estonian kroons (growth 100.9%)  |
| Net profit:        | 388.3 million Estonian kroons (growth 87.5%)   |
| Net margin**:      | 23.3% (2005: 23.5%)                            |

\* Operating margin = operating profit / revenue

\*\* Net margin = net profit / revenue

EUR 1 = EEK 15.6466

The consolidated revenue of Olympic Entertainment Group AS (hereinafter also the "Group") for the fourth quarter of 2006 amounted to EEK 508.4 million (EUR 32.5 million), a 76% increase on a year ago.

Consolidated operating profit for the fourth quarter was EEK 124.3 million (EUR 7.9 million) and consolidated net profit for the fourth quarter amounted to EEK 110.1 million (EUR 7.0 million). The fourth quarter's operating margin was 24.5% and net margin 21.7%.

Fourth quarter results were affected by the recognition of the employees' bonuses for 2006 and other provisions and impairment losses in the expenses of December. There was also an increase of corporate income tax expenses (especially in Latvia where Olympic Casino Latvia SIA had used up the losses of preceding periods which until then had reduced its income tax expense). At the end of last year the Group started activities to enter the Polish market and this generated additional expenses. Expenses were also increased by the opening of new casinos during the last months of 2006 and changed depreciation rates for gaming equipment in Lithuania.

The Group ended 2006 with consolidated revenue of EEK 1,669.2 million (EUR 106.7 million), close to a 90% improvement compared to the EEK 879.9 million (EUR 56.2 million) attained a year ago.

Consolidated operating profit surged to EEK 443.5 million (EUR 28.3 million), a two fold increase compared to 2005, and consolidated net profit grew 88% from EEK 207.1 million (EUR 13.2 million) earned a year ago to EEK 388.3 million (EUR 24.8 million).

The notable growth in the revenue and profit figures may be attributed to several factors. Firstly, the revenues generated by the Group's existing casinos increased substantially. Secondly, a number of new casinos were opened during 2006, triggering additional growth in sales. The two factors increased the Group's revenues by a total of EEK 580.5 million (EUR 37.1 million).

In addition, since 2006 the Group's consolidated results include Baltic Gaming AS (hereinafter also "BG") and its former subsidiaries. BG and its former subsidiaries contributed EEK 208.8 million (EUR 13.3 million) to the Group's overall revenue growth.

Olympic Entertainment Group AS acquired BG in December 2005. In addition to the casino operator BG, the Group includes Faraons SIA, which operates BG's bars, and Tower SIA, which used to operate a restaurant in Riga until August 2006. In September 2006, BG signed a preliminary agreement on the sale of its shares in Tower SIA. The transaction was completed in November 2006 and as a result the Group received 9.7 million (EUR 0.6 million) in financial income. BG's former subsidiaries in Estonia - Nordic Gaming AS (a former casino operator) and Vikings Services OÜ (a former bar operator) are in liquidation.

Excluding the results of BG and its former subsidiaries, the Group's revenue for 2006 would amount to EEK 1,460.4 million (EUR 93.3 million), operating profit would amount to EEK 412.1 million (EUR 26.3 million) and net profit would amount to EEK 354.5 million (EUR 22.7 million). Excluding BG and its former subsidiaries, revenue growth compared to 2005 would be 66%; the increase in operating profit would be 84% and the growth in net profit 71%.

92% of the Group's revenue for 2006 resulted from gaming operations; other operations contributed 8%.

Consolidated revenue by geographical segments (in thousands of Estonian kroons):

|           | Q4, 2006 | Q4, 2005 | Change | 2006      | 2005    | Change |
|-----------|----------|----------|--------|-----------|---------|--------|
| Estonia   | 204,037  | 147,744  | 38.1%  | 672,052   | 465,693 | 44.3%  |
| Latvia    | 159,373  | 40,571   | 292.8% | 511,211   | 121,683 | 320.1% |
| Lithuania | 110,815  | 83,065   | 33.4%  | 389,369   | 260,817 | 49.3%  |
| Ukraine   | 32,867   | 18,193   | 80.7%  | 94,881    | 31,701  | 199.3% |
| Belarus   | 1,271    | -        | -      | 1,676     | -       | -      |
| TOTAL     | 508,363  | 289,573  | 75.6%  | 1,669,189 | 879,894 | 89.7%  |

EUR 1 = EEK 15.6466

Consolidated operating expenses of 2006 totalled EEK 1,225.7 million (EUR 78.3 million), 86.7% growth on the EEK 656.4 million (EUR 42.0 million) incurred in 2005. Similarly to previous periods, the largest cost item was labour costs, which extended to EEK 382.0 million (EUR 24.4 million); the next in size were

depreciation and amortisation expense of EEK 159.9 million (EUR 10.2 million), gaming tax expenses of EEK 145.2 million (EUR 9.3 million), marketing expenses of EEK 144.3 million (EUR 9.2 million), and

buildings-related lease expenses of EEK 88.9 million (EUR 5.7 million). In the income statement, gaming taxes, marketing and lease expenses are recognised in *Other operating expenses*.

The increase in operating expenses is related, above all, to the Group's rapid expansion and revenue growth. The largest growth occurred in labour costs which increased by EEK 180.3 million (EUR 11.5 million), i.e. 89.4%. Labour costs have grown on account of the acquisition of BG and its subsidiaries (close to one-third of the total labour costs growth; excluding them, labour costs would have grown by 63%); the Groups' rapid expansion and the opening of new casinos (the main reason for a rise in labour costs); and heightening competition in the labour market. The growth in gaming tax expenses is related to the opening of new casinos and an increase in gaming tax rates in Latvia at the beginning of 2006. Depreciation and amortisation expenses have increased due to investment in new casinos, gaming equipment and information technology. The rise in lease expenses results from the opening of new casinos. The growth in marketing expenses stems from expanding sales which increase the bonus points acquired by customers, jackpot expenses and the costs related to new casinos.

### Balance sheet

At 31 December 2006, the consolidated balance sheet total of Olympic Entertainment Group AS was EEK 2,308.4 million (EUR 147.5 million), more than a 2.4 fold increase on the EEK 944.9 million (EUR 60.4 million) measured at 31 December 2005. The growth in balance sheet volume is related to the IPO in the fourth quarter (increase in cash and bank and equity).

Current assets amounted to EEK 1,300.2 million (EUR 83.1 million), i.e. 56.3% of total assets, while non-current assets amounted to EEK 1,008.2 million (EUR 64.4 million), i.e. 43.7% of total assets.

The Group's liabilities totalled EEK 236.2 million (EUR 15.1 million) and consolidated equity grew to EEK 2,072.2 million (EUR 132.4 million).

In September 2006, Olympic Entertainment Group AS made the first instalment payment of EEK 11.7 million (EUR 0.75 million) and in December 2006, the second payment of EEK 15.6 million (EUR 1.0 million) for the shares in Casino-Polonia-Wroclaw Sp. z o.o. in accordance with the preliminary agreement on the purchase of the shares which was made in 2005. In the interim balance sheet, the payments are recognised in *Other long-term receivables*.

The Group's capital expenditures for the year 2006 amounted to EEK 478.8 million (€30.6 million). The largest investments (approximately EEK 85 million (€5.4 million)) were related to the opening of Olympic Voodoo Casino in Riga.

Investments in the renovation of leased premises totalled EEK 126.8 million (€8.1 million), investments in equipment amounted to EEK 230.0 million (€14.7 million), and investments in other items of property, plant and equipment totalled EEK 67.1.0 million (€4.3 million). At the balance sheet date, prepayments for property, plant and equipment amounted to EEK 12.8 million (€0.8 million) and investments in software licences and intangible assets totalled EEK 17.0 million (€1.1 million). At the end of June 2006, the Group's Lithuanian subsidiary Mecom Grupp UAB acquired a piece of real estate in Vilnius for EEK 25.1 million (€1.6 million). Part of the real estate will be used to accommodate the Lithuanian subsidiaries' head office but most of the real estate will be sold or leased out.

### Personnel

Due to the acquisition of BG and its subsidiaries and the opening of new casinos, the average number of the Group's employees increased year-on-year 1.8 times to 2,208 in 2006 (2005: 1,230). At 31 December 2006 the Group employed 2,342 people (31 December 2005: 1,940) - 625 in Estonia and 1,717 outside Estonia (837 in Latvia, 683 in Lithuania, 168 in Ukraine and 29 in Belarus).

Employee remuneration expenses for 2006 including social taxes amounted to EEK 382.0 million (EUR 24.4 million) against EEK 201.7 million (EUR 12.9 million) a year ago.

In 2007 option agreements were concluded with members of the management board of Olympic Entertainment Group AS and key employees of the Group. Option agreements entitle a member of the management board to subscribe altogether 166,812 shares of Olympic Entertainment Group and every key

employee 66,723 shares during the period of 2008-2010. The exact number of shares that may be subscribed by every member of the management board and every key employee of the Group will depend on the fulfilment of the financial goals and the goals related to the specific area of activity of the member of the management board and the employee. The options may be exercised every year from 2008 to 2010.

### **Results of casino operators**

At the end of December 2006, the Group operated 79 casinos with the total area of 22,316 square metres. A year ago, the Group had 66 casinos with a total area of 17,144 square metres.

Casinos by countries:

|           | 31 Dec 2006 | 31 Dec 2005 |
|-----------|-------------|-------------|
| Estonia   | 22          | 16          |
| Latvia    | 38          | 38          |
| Lithuania | 10          | 8           |
| Ukraine   | 8           | 4           |
| Belarus   | 1           | 0           |
| TOTAL     | 79          | 66          |

### **OLYMPIC CASINO EESTI AS**

In January 2006, Olympic Casino Eesti AS (OCE) opened its second Olympic slot casino in Tartu; the casino is located in Annelinn. At the beginning of the year, the refurbishment of Viking casino on Tartu Road, Tallinn, was completed and in March 2006 OCE's 18th casino was opened there. Formerly, the operator of Viking casino was Nordic Gaming AS. In May 2006 the first Olympic Casino was opened in Jõhvi and in July, OCE opened its second casino in Narva (in Astri Hypermarket). In October a casino in Norde Centrum (Tallinn) and in December in Kristine district (Tallinn, Sõpruse 2) were opened. At the end of 2006, 22 casinos (6 outside of Tallinn) with 833 slot machines and 19 gaming tables were operated under the Olympic Casino brand in Estonia.

During the first hours of 2007 a new casino close to the Marja store (Tallinn) was opened. On February 3<sup>rd</sup> OCE opened the biggest slot casino in Estonia (386 square metres) in Järve Centrum (Tallinn). This was already the 24<sup>th</sup> casino of OCE.

OCE's consolidated (intra group transactions are eliminated) sales for 2006 amounted to EEK 612.7 million (EUR 39.2 million), 32% up on a year ago, while consolidated net profit grew 1.7 fold to EEK 289.6 million (EUR 18.5 million). The significant upswing in net profit was attained, above all, thanks to substantial revenue growth at the company's casinos in Tallinn, the opening of new casinos and effective cost management.

### **OLYMPIC CASINO LATVIA SIA**

For Olympic Casino Latvia SIA (OCL), the highlight of the period was the opening of Olympic Voodoo Casino at the end of May 2006. The new casino, which operates both gaming tables and slot machines, located at Reval Hotel Latvija in Riga is the largest casino in the Baltic countries. Investments in Olympic Voodoo Casino amounted to EEK 85 million (EUR 5.4 million). In addition to the launch of the Group's largest casino, in February 2006 OCL opened a casino in Talava, Riga, and in March its operations were expanded to Jelgava. In July and August two former Baltic Gaming casinos in Riga (Dzelzavas and Zolitudes) were brought under the Olympic Casino brand name and at the end of 2006, OCL was operating 10 casinos with 461 slot machines and 39 gaming tables.

OCL's consolidated sales for 2006 amounted to EEK 296.0 million (EUR 18.9 million), 2.5 times up on a year ago, and consolidated net profit for the period amounted to EEK 69.9 million (EUR 4.5 million), 2.7-fold growth on a year ago. Exceptionally strong results may be attributed to significant revenue growth at both old and new casinos (including revenues from Olympic Voodoo Casino) and effective cost management.

#### **BALTIC GAMING AS**

In connection with the incorporation of the casinos of Baltic Gaming AS (BG) under the Olympic Casino brand name and the closure of some small casinos, the number of BG's casinos has shrunk from 33 at the end of 2005 to 28 at the end of 2006. The main changes for BG were the closure of Voodoo Tower casino at Reval Hotel Latvija and the opening of Olympic Voodoo Casino by OCL at the end of May. Since then, BG does not operate any table casinos. At the end of 2006, the company operated 28 slot casinos with a total of 750 slot machines in Riga and other Latvian cities.

BG ended 2006 with consolidated sales of EEK 180.7 million (EUR 11.5 million) and a consolidated net profit of EEK 41.8 million (EUR 2.7 million). Sales for 2005 amounted to EEK 200.0 million (EUR 12.8 million) and net profit for the same period was EEK 53.5 million (EUR 3.4 million). The results for 2005 have not been consolidated in the Group's financial statements. The reason of a decrease in the sales and net profit figures is the integration of OCL and BG. According to management's assessment, the integration process will be completed in 2007.

#### **OLYMPIC CASINO GROUP BALTIJA UAB**

Olympic Casino Group Baltija UAB (OCGB) opened two new casinos during 2006 – OCGB's ninth casino was opened at the end of October in Seskiene, Vilnius and in November the second casino of OCGB started operations in Kaunas (Savanoriu 170). During the first half of the year, the company focused on increasing revenue in existing casinos through customer loyalty programmes. At the end of 2006, 10 casinos with 436 slot machines and 67 gaming tables were operated under the Olympic Casino brand name in Lithuania.

OCGB ended the reporting period with consolidated sales of EEK 373.8 million (EUR 23.9 million), a 1.5-fold increase on a year ago, and a consolidated net profit of EEK 87.6 million (EUR 5.6 million), a 22% improvement on 2005. The growth in net profit was achieved thanks to revenue growth in existing casinos.

#### **OLYMPIC CASINO UKRAINE TOV**

Olympic Casino Ukraine TOV (OCU) sustained rapid growth, opening 4 new casinos during 2006. The fifth casino was opened in March 2006 on Geroi Dnepra Street and the sixth one in the Global Shopping Centre in April. In November, OCU opened a casino in Arena's trade and entertainment centre and at the end of December a new casino started operations in the centre of Spektr. All 8 casinos with a total of 396 slot machines are located in Kiev.

The ninth casino of OCU was opened in the middle of January 2007 on Sofievsky Street.

OCU's consolidated sales for 2006 amounted to EEK 94.9 million (EUR 6.1 million), a 3.3-fold improvement on a year ago. In contrast to 2005 which ended in a loss of EEK -9.8 million (EUR -0.6 million), the reporting period ended with a consolidated net profit of EEK 12.1 million (EUR 0.8 million). The strong improvement in the results came from significant revenue growth at existing and new casinos.

#### **OLYMPIC CASINO BEL IP**

Olympic Casino Bel IP (OCB), which was established in July 2005, opened its first casino in the middle of August 2006. The company's consolidated sales for four and a half months amounted to EEK 1.7 million (EUR 0.1 million). Due to expenses incurred in connection with the opening of the first casinos, 2006 ended with a consolidated loss of EEK -7.0 million (EUR -0.4 million). The loss for 2005 was EEK -0.4 million (EUR -23 thousand).



#### Significant financials

|                                  | 2006    | 2005  | Change |
|----------------------------------|---------|-------|--------|
| Revenue (EEK, millions)          | 1,669.2 | 879.9 | 89.7%  |
| EBITDA (EEK, millions)           | 630.9   | 302.0 | 108.9% |
| Operating profit (EEK, millions) | 443.5   | 223.5 | 98.4%  |
| Net profit (EEK, millions)       | 388.3   | 207.1 | 87.3%  |
| EBITDA margin                    | 37.8%   | 34.3% | 10.1%  |
| Operating margin                 | 26.6%   | 25.4% | 4.6%   |
| Net margin                       | 23.3%   | 23.5% | -1.2%  |
| Equity ratio                     | 89.8%   | 63.1% | 42.4%  |
| ROA                              | 23.9%   | 28.5% | -16.2% |
| ROE                              | 29.1%   | 42.2% | -31.0% |

#### Underlying formulas

- o EBITDA = earnings before financial expenses, taxes, depreciation, amortisation and impairment losses
- o Operating profit = profit before financial expenses and taxes
- o Net profit = net profit for the period less minority interest
- o EBITDA margin = EBITDA / revenue
- o Operating margin = operating profit / revenue
- o Net margin = net profit / revenue
- o Equity ratio = equity / total assets
- o ROA = net profit / total average assets
- o ROE = net profit / total average equity

EUR 1 = EEK 15.6466

## Consolidated interim financial statements

### Statement of management responsibility

The management board of Olympic Entertainment Group AS acknowledges its responsibility for the preparation, integrity and fair presentation of the consolidated interim financial statements of Olympic Entertainment Group AS and its subsidiaries (the "Group") for the 4<sup>th</sup> quarter and the first nine months of 2006 as presented on pages 10 to 27 of this report and confirms that to the best of its knowledge, information and belief:

- ☐ the policies applied in the preparation of the consolidated interim financial statements comply with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting;
- ☐ the consolidated interim financial statements give a true and fair view of the financial position of the Group and of the results of its operations and its cash flows;
- ☐ all significant events that occurred until the date on which the consolidated interim financial statements were authorised for issue have been properly recognised and disclosed; and
- ☐ Olympic Entertainment Group AS and its subsidiaries are going concerns.

27 February 2007

Armin Karu  
Chairman of the Management Board

Andri Avila  
Member of the Management Board

Mart Relve  
Member of the Management Board

## Consolidated interim balance sheet

### ASSETS

| (In thousands of Estonian kroons) | Note | 31 Dec 2006      | 31 Dec 2005    |
|-----------------------------------|------|------------------|----------------|
| <b>Current assets</b>             |      |                  |                |
| Cash and cash equivalents         | 2    | 1,234,658        | 184,564        |
| Short-term financial investments  |      | 0                | 14,339         |
| Trade receivables                 |      | 7,181            | 5,894          |
| Other receivables and prepayments |      | 46,042           | 31,969         |
| Inventories                       |      | 12,319           | 19,802         |
| <b>Total current assets</b>       |      | <b>1,300,200</b> | <b>256,569</b> |
| <b>Non-current assets</b>         |      |                  |                |
| Deferred tax asset                |      | 3,204            | 2,957          |
| Shares in associates              |      | 0                | 11             |
| Other investments                 |      | 18,311           | 18,448         |
| Other long-term receivables       | 3    | 42,554           | 1,632          |
| Investment property               | 4    | 31,819           | 4,513          |
| Property, plant and equipment     | 4    | 770,060          | 503,834        |
| Intangible assets                 | 5    | 142,206          | 156,978        |
| <b>Total non-current assets</b>   |      | <b>1,008,154</b> | <b>688,373</b> |
| <b>TOTAL ASSETS</b>               |      | <b>2,308,353</b> | <b>944,942</b> |

### LIABILITIES AND EQUITY

| (In thousands of Estonian kroons)                         | Note | 31 Dec 2006      | 31 Dec 2005    |
|---|------|------------------|----------------|
| <b>LIABILITIES</b>  |      |                  |                |
| <b>Current liabilities</b>                                |      |                  |                |
| Interest-bearing loans and borrowings                     |      | 174              | 1,559          |
| Customer advances   |      | 15,340           | 3,428          |
| Trade payables  |      | 97,139           | 52,281         |
| Tax liabilities   |      | 50,635           | 26,650         |
| Other accrued payables                                    |      | 46,007           | 27,651         |
| Provisions  |      | 13,722           | 6,925          |
| <b>Total current liabilities</b>                          |      | <b>223,016</b>   | <b>118,494</b> |
| <b>Non-current liabilities</b>                            |      |                  |                |
| Deferred tax liabilities                                  |      | 12,182           | 3,419          |
| Long-term liabilities                                     |      | 991              | 227,189        |
| <b>Total non-current liabilities</b>                      |      | <b>13,173</b>    | <b>230,608</b> |
| <b>Total liabilities</b>                                  |      | <b>236,189</b>   | <b>349,102</b> |
| <b>EQUITY</b>   |      |                  |                |
| Share capital   | 6    | 754,000          | 40             |
| Share premium   |      | 968,414          | 25,598         |
| Statutory capital reserve                                 |      | 4                | 4              |
| Translation reserves                                      |      | -2,216           | 2,074          |
| Retained earnings   |      | 314,844          | 546,469        |
| Total equity attributable to equity holders of the parent |      | 2,035,046        | 574,185        |
| Minority interest   |      | 37,118           | 21,655         |
| <b>Total equity</b>                                       |      | <b>2,072,164</b> | <b>595,839</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>                       |      | <b>2,308,353</b> | <b>944,942</b> |

## Consolidated interim balance sheet

| <b>ASSETS</b>   |      |                |               |
|---|------|----------------|---------------|
| (In thousands of euro)                                    | Note | 31 Dec 2006    | 31 Dec 2005   |
| <b>Current assets</b>                                     |      |                |               |
| Cash and cash equivalents                                 | 2    | 78,909         | 11,796        |
| Short-term financial investments                          |      | 0              | 916           |
| Trade receivables   |      | 459            | 377           |
| Other receivables and prepayments                         |      | 2,943          | 2,043         |
| Inventories   |      | 787            | 1,266         |
| <b>Total current assets</b>                               |      | <b>83,098</b>  | <b>16,398</b> |
| <b>Non-current assets</b>                                 |      |                |               |
| Deferred tax asset  |      | 205            | 189           |
| Shares in associates                                      |      | 0              | 1             |
| Other investments   |      | 1,170          | 1,179         |
| Other long-term receivables                               | 3    | 2,720          | 104           |
| Investment property                                       | 4    | 2,034          | 288           |
| Property, plant and equipment                             | 4    | 49,216         | 32,201        |
| Intangible assets   | 5    | 9,089          | 10,033        |
| <b>Total non-current assets</b>                           |      | <b>64,433</b>  | <b>43,995</b> |
| <b>TOTAL ASSETS</b>                                       |      | <b>147,531</b> | <b>60,393</b> |
| <b>LIABILITIES AND EQUITY</b>                             |      |                |               |
| (In thousands of euro)                                    | Note | 31 Dec 2006    | 31 Dec 2005   |
| <b>LIABILITIES</b>  |      |                |               |
| <b>Current liabilities</b>                                |      |                |               |
| Interest-bearing loans and borrowings                     |      | 11             | 100           |
| Customer advances   |      | 980            | 219           |
| Trade payables  |      | 6,208          | 3,341         |
| Tax liabilities   |      | 3,236          | 1,703         |
| Other accrued payables                                    |      | 2,940          | 1,767         |
| Provisions  |      | 877            | 443           |
| <b>Total current liabilities</b>                          |      | <b>14,253</b>  | <b>7,573</b>  |
| <b>Non-current liabilities</b>                            |      |                |               |
| Deferred tax liabilities                                  |      | 779            | 218           |
| Long-term liabilities                                     |      | 63             | 14,520        |
| <b>Total non-current liabilities</b>                      |      | <b>842</b>     | <b>14,739</b> |
| <b>Total liabilities</b>                                  |      | <b>15,095</b>  | <b>22,312</b> |
| <b>EQUITY</b>   |      |                |               |
| Share capital   | 6    | 48,189         | 3             |
| Share premium   |      | 61,893         | 1,636         |
| Statutory capital reserve                                 |      | 0              | 0             |
| Translation reserves                                      |      | -142           | 133           |
| Retained earnings   |      | 20,122         | 34,926        |
| Total equity attributable to equity holders of the parent |      | 130,063        | 36,697        |
| Minority interest   |      | 2,372          | 1,384         |
| <b>Total equity</b>                                       |      | <b>132,435</b> | <b>38,081</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>                       |      | <b>147,531</b> | <b>60,393</b> |

## Consolidated interim income statement

| (In thousands of Estonian kroons)            | Note | Q4, 2006        | Q4, 2005        | 2006              | 2005            |
|--|------|-----------------|-----------------|-------------------|-----------------|
| <b>Revenue</b>                               |      |                 |                 |                   |                 |
| Sales revenue                                |      | 505,127         | 287,247         | 1,660,251         | 874,462         |
| Other income                                 |      | 3,236           | 2,326           | 8,938             | 5,432           |
| <b>Total revenue</b>                         |      | <b>508,363</b>  | <b>289,573</b>  | <b>1,669,189</b>  | <b>879,894</b>  |
| <b>Expenses</b>                              |      |                 |                 |                   |                 |
| Cost of materials, goods and services used   |      | -21,710         | -8,707          | -56,433           | -31,077         |
| Other operating expenses                     |      | -176,173        | -104,580        | -593,283          | -344,778        |
| Labour costs                                 |      | -118,085        | -61,445         | -381,997          | -201,660        |
| Depreciation, amortisation and impairment    |      | -62,009         | -23,022         | -159,941          | -78,536         |
| Impairment of goodwill                       |      | -1,332          | 0               | -27,472           | 0               |
| Other expenses                               |      | -4,735          | 23              | -6,591            | -361            |
| <b>Total expenses</b>                        |      | <b>-384,044</b> | <b>-197,733</b> | <b>-1,225,718</b> | <b>-656,412</b> |
| <b>Operating profit</b>                      |      | <b>124,319</b>  | <b>91,840</b>   | <b>443,471</b>    | <b>223,482</b>  |
| <b>Financial income and expenses</b>         |      |                 |                 |                   |                 |
| Gain on sale of shares in subsidiaries       |      | 9,741           | 0               | 9,741             | 0               |
| Loss from investments in associates          |      | -11             | 0               | -11               | 0               |
| Interest income                              |      | 6,572           | 2,155           | 9,900             | 2,812           |
| Interest expense                             |      | -1,376          | 0               | -10,325           | -1,313          |
| Foreign exchange gains and losses            |      | -5,874          | -2,380          | -7,636            | -4,033          |
| Other financial income and expenses          |      | 0               | 118             | 0                 | 0               |
| Financial income and expense on financial    |      | 0               | 7               | 0                 | 669             |
| <b>Net financing costs</b>                   |      | <b>9,052</b>    | <b>-99</b>      | <b>1,669</b>      | <b>-1,864</b>   |
| <b>Profit from ordinary operations</b>       |      | <b>133,372</b>  | <b>91,741</b>   | <b>445,140</b>    | <b>221,618</b>  |
| Income tax expense                           |      | -18,623         | -724            | -41,343           | -5,975          |
| <b>NET PROFIT FOR THE PERIOD</b>             |      | <b>114,749</b>  | <b>91,017</b>   | <b>403,798</b>    | <b>215,644</b>  |
| Attributable to minority interest            |      | 4,613           | 3,637           | 15,463            | 8,525           |
| Attributable to equity holders of the parent |      | 110,136         | 87,381          | 388,335           | 207,119         |
| Basic earnings per share (EEK)               | 6    | 1.76            | 1.46            | 6.21              | 3.45            |
| Diluted earnings per share (EEK)             | 6    | 1.76            | 1.46            | 6.21              | 3.45            |

## Consolidated interim income statement

| (In thousands of euro)                       | Note | Q4, 2006       | Q4, 2005       | 2006           | 2005           |
|--|------|----------------|----------------|----------------|----------------|
| <b>Revenue</b>                               |      |                |                |                |                |
| Sales revenue                                |      | 32,283         | 18,358         | 106,109        | 55,888         |
| Other income                                 |      | 207            | 149            | 571            | 347            |
| <b>Total revenue</b>                         |      | <b>32,490</b>  | <b>18,507</b>  | <b>106,681</b> | <b>56,235</b>  |
| <b>Expenses</b>                              |      |                |                |                |                |
| Cost of materials, goods and services used   |      | -1,388         | -557           | -3,607         | -1,986         |
| Other operating expenses                     |      | -11,260        | -6,684         | -37,918        | -22,035        |
| Labour costs                                 |      | -7,547         | -3,927         | -24,414        | -12,888        |
| Depreciation, amortisation and impairment    |      | -3,963         | -1,471         | -10,222        | -5,019         |
| Impairment of goodwill                       |      | -85            | 0              | -1,756         | 0              |
| Other expenses                               |      | -303           | 1              | -421           | -23            |
| <b>Total expenses</b>                        |      | <b>-24,545</b> | <b>-12,637</b> | <b>-78,338</b> | <b>-41,952</b> |
| <b>Operating profit</b>                      |      | <b>7,945</b>   | <b>5,870</b>   | <b>28,343</b>  | <b>14,283</b>  |
| <b>Financial income and expenses</b>         |      |                |                |                |                |
| Gain on sale of shares in subsidiaries       |      | 623            | 0              | 623            | 0              |
| Loss from investments in associates          |      | -1             | 0              | -1             | 0              |
| Interest income                              |      | 420            | 138            | 633            | 180            |
| Interest expense                             |      | -88            | 0              | -660           | -84            |
| Foreign exchange gains and losses            |      | -375           | -152           | -488           | -258           |
| Other financial income and expenses          |      | 0              | 8              | 0              | 0              |
| Financial income and expense on financial    |      | 0              | 0              | 0              | 43             |
| <b>Net financing costs</b>                   |      | <b>579</b>     | <b>-6</b>      | <b>107</b>     | <b>-119</b>    |
| <b>Profit from ordinary operations</b>       |      | <b>8,524</b>   | <b>5,863</b>   | <b>28,450</b>  | <b>14,164</b>  |
| Income tax expense                           |      | -1,190         | -46            | -2,642         | -382           |
| <b>NET PROFIT FOR THE PERIOD</b>             |      | <b>7,334</b>   | <b>5,817</b>   | <b>25,807</b>  | <b>13,782</b>  |
| Attributable to minority interest            |      | 295            | 232            | 988            | 545            |
| Attributable to equity holders of the parent |      | 7,039          | 5,585          | 24,819         | 13,237         |
| Basic earnings per share (€)                 | 6    | 0.11           | 0.09           | 0.40           | 0.22           |
| Diluted earnings per share (€)               | 6    | 0.11           | 0.09           | 0.40           | 0.22           |

## Consolidated interim statement of cash flows

| (In thousands of Estonian kroons)                                   | Note | 2006             | 2005            |
|---|------|------------------|-----------------|
| <b>Cash flows from operating activities</b>                         |      |                  |                 |
| Net profit for the period   |      | 403,798          | 215,644         |
| Adjustments for   |      |                  |                 |
| Depreciation, amortisation and impairment losses                    | 4,5  | 159,941          | 78,536          |
| Impairment losses on goodwill                                       | 5    | 27,472           | 0               |
| Changes in the fair value of investment property                    | 4    | -2,698           | -447            |
| Losses from disposal of property, plant and equipment               |      | 2,584            | 48              |
| Net income from sale of subsidiaries                                |      | -9,741           | 0               |
| Net expenses from associates  |      | 11               | 0               |
| Other net financing items   |      | 8,061            | 1,864           |
| Change in receivables and prepayments related to operating activity |      | -17,551          | -104,614        |
| Change in inventories   |      | 7,483            | -8,396          |
| Change in payables and advances related to operating activity       |      | 43,178           | 145,813         |
| Interest paid   |      | -10,076          | -1,313          |
| Corporate income tax paid   |      | -11,532          | -5,761          |
| <b>Net cash from operating activities</b>                           |      | <b>600,932</b>   | <b>321,373</b>  |
| <b>Cash flows from investing activities</b>                         |      |                  |                 |
| Acquisition of property, plant and equipment and                    |      | -396,717         | -172,582        |
| Proceeds from sale of non-current assets                            |      | 586              | 47              |
| Acquisition of investment property                                  |      | -25,079          | 0               |
| Acquisition of other financial investments                          |      | -27,383          | 0               |
| Proceeds from sale of financial investments                         |      | 13,916           | 0               |
| Acquisition of shares in subsidiaries                               |      | 0                | -212,148        |
| Proceeds from disposal of shares in subsidiary companies            |      | 10,257           | 0               |
| Loans given   |      | -10,978          | -338            |
| Repayment of loans given  |      | 286              | 110             |
| Interest received   |      | 8,716            | 2,580           |
| <b>Net cash used in investing activities</b>                        |      | <b>-426,397</b>  | <b>-382,331</b> |
| <b>Cash flows from financing activities</b>                         |      |                  |                 |
| Proceeds from issue of share capital                                |      | 1,124,200        | 0               |
| Proceeds from loans received  |      | 226,876          | 226,876         |
| Repayment of loans received   |      | -454,626         | -64,373         |
| Payment of finance lease principal                                  |      | -403             | -314            |
| Dividends paid  |      | -20,000          | -9,500          |
| <b>Net cash from financing activities</b>                           |      | <b>876,047</b>   | <b>152,689</b>  |
| <b>NET CASH FLOWS</b>   |      | <b>1,050,582</b> | <b>91,731</b>   |
| <b>Increase in cash and cash equivalents</b>                        |      |                  |                 |
| <b>Cash and cash equivalents at beginning of period</b>             |      | <b>184,564</b>   | <b>92,964</b>   |
| Effect of exchange rate fluctuations                                |      | -488             | -132            |
| <b>Cash and cash equivalents at end of period</b>                   |      | <b>1,234,658</b> | <b>184,564</b>  |

## Consolidated interim statement of cash flows

| (In thousands of euro)  | Note | 2006           | 2005           |
|---|------|----------------|----------------|
| <b>Cash flows from operating activities</b>                         |      |                |                |
| Net profit for the period   |      | 25,807         | 13,782         |
| Adjustments for   |      |                |                |
| Depreciation, amortisation and impairment losses                    | 4,5  | 10,222         | 5,019          |
| Impairment losses on goodwill                                       | 5    | 1,756          | 0              |
| Changes in the fair value of investment property                    | 4    | -172           | -29            |
| Losses from disposal of property, plant and equipment               |      | 165            | 3              |
| Net income from sale of subsidiaries                                |      | -623           | 0              |
| Net expenses from associates  |      | 1              | 0              |
| Other net financing items   |      | 515            | 119            |
| Change in receivables and prepayments related to operating activity |      | -1,122         | -6,686         |
| Change in inventories   |      | 478            | -537           |
| Change in payables and advances related to operating activity       |      | 2,760          | 9,319          |
| Interest paid   |      | -644           | -84            |
| Corporate income tax paid   |      | -737           | -368           |
| <b>Net cash from operating activities</b>                           |      | <b>38,407</b>  | <b>20,539</b>  |
| <b>Cash flows from investing activities</b>                         |      |                |                |
| Acquisition of property, plant and equipment and                    |      | -25,355        | -11,030        |
| Proceeds from sale of non-current assets                            |      | 37             | 3              |
| Acquisition of investment property                                  |      | -1,603         | 0              |
| Acquisition of other financial investments                          |      | -1,750         | 0              |
| Proceeds from sale of financial investments                         |      | 889            | 0              |
| Acquisition of shares in subsidiaries                               |      | 0              | -13,559        |
| Proceeds from disposal of shares in subsidiary companies            |      | 656            | 0              |
| Loans given   |      | -702           | -22            |
| Repayment of loans given  |      | 18             | 7              |
| Interest received   |      | 557            | 165            |
| <b>Net cash used in investing activities</b>                        |      | <b>-27,252</b> | <b>-24,435</b> |
| <b>Cash flows from financing activities</b>                         |      |                |                |
| Proceeds from issue of share capital                                |      | 71,849         | 0              |
| Proceeds from loans received  |      | 14,500         | 14,500         |
| Repayment of loans received   |      | -29,056        | -4,114         |
| Payment of finance lease principal                                  |      | -26            | -20            |
| Dividends paid  |      | -1,278         | -607           |
| <b>Net cash from financing activities</b>                           |      | <b>55,990</b>  | <b>9,759</b>   |
| <b>NET CASH FLOWS</b>   |      | <b>67,144</b>  | <b>5,863</b>   |
| <b>Increase in cash and cash equivalents</b>                        |      | <b>67,144</b>  | <b>5,863</b>   |
| <b>Cash and cash equivalents at beginning of period</b>             |      | <b>11,796</b>  | <b>5,942</b>   |
| Effect of exchange rate fluctuations                                |      | -31            | -8             |
| <b>Cash and cash equivalents at end of period</b>                   |      | <b>78,909</b>  | <b>11,796</b>  |



## Consolidated interim statement of changes in equity

(In thousands of Estonian kroons)

Equity attributable to equity holders of the parent

|                                     | Note | Share capital  | Share premium  | Statutory capital reserve | Translation reserves | Retained earnings | Total            | Minority interest | Total            |
|-------------------------------------|------|----------------|----------------|---------------------------|----------------------|-------------------|------------------|-------------------|------------------|
| <b>Balance at 31 Dec 2004</b>       |      | <b>40</b>      | <b>25,598</b>  | <b>4</b>                  | <b>-2,001</b>        | <b>348,850</b>    | <b>372,491</b>   | <b>13,130</b>     | <b>385,621</b>   |
| Effect of changes in exchange rates |      | 0              | 0              | 0                         | 4,074                | 0                 | 4,074            | 0                 | 4,074            |
| Net profit for the period           |      | 0              | 0              | 0                         | 0                    | 207,119           | 207,119          | 8,525             | 215,644          |
| Dividends paid                      |      | 0              | 0              | 0                         | 0                    | -9,500            | -9,500           | 0                 | -9,500           |
| <b>Balance at 31 Dec 2005</b>       |      | <b>40</b>      | <b>25,598</b>  | <b>4</b>                  | <b>2,074</b>         | <b>546,469</b>    | <b>574,185</b>   | <b>21,655</b>     | <b>595,839</b>   |
| Effect of changes in exchange rates |      | 0              | 0              | 0                         | -4,290               | 0                 | -4,290           | 0                 | -4,290           |
| Net profit for the period           |      | 0              | 0              | 0                         | 0                    | 388,335           | 388,335          | 15,463            | 403,798          |
| Share issue                         | 6    | 753,960        | 942,817        | 0                         | 0                    | -599,960          | 1,096,817        | 0                 | 1,096,817        |
| Dividends paid                      |      | 0              | 0              | 0                         | 0                    | -20,000           | -20,000          | 0                 | -20,000          |
| <b>Balance at 31 Dec 2006</b>       |      | <b>754,000</b> | <b>968,414</b> | <b>4</b>                  | <b>-2,216</b>        | <b>314,844</b>    | <b>2,035,046</b> | <b>37,118</b>     | <b>2,072,164</b> |

(In thousands of euro)

Equity attributable to equity holders of the parent

|                                     | Note | Share capital | Share premium | Statutory capital reserve | Translation reserves | Retained earnings | Total          | Minority interest | Total          |
|-------------------------------------|------|---------------|---------------|---------------------------|----------------------|-------------------|----------------|-------------------|----------------|
| <b>Balance at 31 Dec 2004</b>       |      | <b>3</b>      | <b>1,636</b>  | <b>0</b>                  | <b>-128</b>          | <b>22,296</b>     | <b>23,807</b>  | <b>839</b>        | <b>24,646</b>  |
| Effect of changes in exchange rates |      | 0             | 0             | 0                         | 260                  | 0                 | 260            | 0                 | 260            |
| Net profit for the period           |      | 0             | 0             | 0                         | 0                    | 13,237            | 13,237         | 545               | 13,782         |
| Dividends paid                      |      | 0             | 0             | 0                         | 0                    | -607              | -607           | 0                 | -607           |
| <b>Balance at 31 Dec 2005</b>       |      | <b>3</b>      | <b>1,636</b>  | <b>0</b>                  | <b>133</b>           | <b>34,926</b>     | <b>36,697</b>  | <b>1,384</b>      | <b>38,081</b>  |
| Effect of changes in exchange rates |      | 0             | 0             | 0                         | -274                 | 0                 | -274           | 0                 | -274           |
| Net profit for the period           |      | 0             | 0             | 0                         | 0                    | 24,819            | 24,819         | 988               | 25,807         |
| Share issue                         | 6    | 48,187        | 60,257        | 0                         | 0                    | -38,344           | 70,099         | 0                 | 70,099         |
| Dividends paid                      |      | 0             | 0             | 0                         | 0                    | -1,278            | -1,278         | 0                 | -1,278         |
| <b>Balance at 31 Dec 2006</b>       |      | <b>48,189</b> | <b>61,893</b> | <b>0</b>                  | <b>-142</b>          | <b>20,122</b>     | <b>130,063</b> | <b>2,372</b>      | <b>132,435</b> |

## Notes to the interim consolidated financial statements

### Note 1. Significant accounting policies

Olympic Entertainment Group AS (the “Company”) is a company registered in Estonia on 15 November 1999. The condensed consolidated interim financial statements of the Company as at and for the period ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of the Group as at and for the year ended 31 December 2005 are available upon request from the Company’s registered office at Pronksi 19, Tallinn.

#### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2005.

These condensed consolidated interim financial statements were approved for issue by the management board on 27 February 2007.

#### Basis of preparation

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2005.

The Group adopted the fair value model for all of its investment property in accordance with IAS 40 Investment Property as at 30 June 2006. As a result, the investment property previously carried under the cost model was valued by a professional appraiser. The change in accounting policy was recognised prospectively, because the fair value estimates were not available for the prior periods and the cumulative effect was not material for the Group.

The functional currency of the Company is the Estonian kroon (EEK). The financial statements of the Group are presented in thousands of Estonian kroons and in thousands of euro (rounded to the nearest thousand). In these condensed consolidated financial statements the figures in Estonian kroons have been translated to euro using the official Eesti Pank exchange rate of €1 = EEK 15.6466.

#### Use of estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2005.

During the reporting period ended 31 December 2006 management reassessed its estimates in respect of the recoverable amount of goodwill (see note 5).

## Note 2. Cash and cash equivalents

| (In thousands of Estonian kroons)  | 31 Dec 2006      | 31 Dec 2005    |
|------------------------------------|------------------|----------------|
| Cash in hand and at gambling rooms | 46,174           | 28,814         |
| Call deposits                      | 336,803          | 81,522         |
| Term deposits                      | 730,494          | 12,253         |
| Cash in transit                    | 14,338           | 5,177          |
| Fund units                         | 106,849          | 56,797         |
| <b>Total</b>                       | <b>1,234,658</b> | <b>184,564</b> |

| (In thousands of euro)             | 31 Dec 2006   | 31 Dec 2005   |
|------------------------------------|---------------|---------------|
| Cash in hand and at gambling rooms | 2,951         | 1,842         |
| Call deposits                      | 21,526        | 5,210         |
| Term deposits                      | 46,687        | 783           |
| Cash in transit                    | 916           | 331           |
| Fund units                         | 6,829         | 3,630         |
| <b>Total</b>                       | <b>78,909</b> | <b>11,796</b> |

At 31 December 2006, term deposits contained non-cancellable deposits of EEK 130,494,000 (EUR 8,340,000), including deposits related to the acquisition of Casino Polonia-Wroclaw Sp. Z. o o (hereinafter "Casino Polonia") of EEK 117,975,000 (EUR 7,540,000) and deposits placed as security for rented premises of EEK 12,519,000 (EUR 800,000).

## Note 3. Other long-term receivables

| (In thousands of Estonian kroons)      | 31 Dec 2006   | 31 Dec 2005  |
|--|---------------|--------------|
| Long-term loan receivable              | 10,953        | 0            |
| Long-term lease prepayments            | 4,218         | 1,632        |
| Prepayment for shres of Casino Polonia | 27,383        | 0            |
| <b>Total</b>                           | <b>42,554</b> | <b>1,632</b> |

| (In thousands of euro)                 | 31 Dec 2006  | 31 Dec 2005 |
|--|--------------|-------------|
| Long-term loan receivable              | 700          | 0           |
| Long-term lease prepayments            | 270          | 104         |
| Prepayment for shres of Casino Polonia | 1,750        | 0           |
| <b>Total</b>                           | <b>2,720</b> | <b>104</b>  |

At the balance sheet date, receivables related to Casino Polonia totalled EEK 38,336,000 (EUR 2,450,000). Information on non-cancellable deposits related to Casino Polonia is presented in note 2.

Prepayments for shares in Casino Polonia totalled EEK 27,383,000 (EUR 1,750,000). Loans granted to Casino Polonia in 2006 amounted to EEK 10,953,000 (EUR 700,000). The base currency of the loans is euro and interest rate is 12 months' Euribor + 3%. The designated purpose of the loans is the financing of a casino in a Hilton hotel. The loans have been deposited in an escrow account which is used only for the construction of that casino. The final repayment date of the loans is not fixed, it will be fixed after opening of the casino at the Hilton hotel.

#### Note 4. Investment property and property, plant and equipment

| (In thousands of Estonian kroons)     | Investment property | Property, plant and equipment | Total          |
|---------------------------------------|---------------------|-------------------------------|----------------|
| <b>Carrying amount at 31 Dec 2005</b> | <b>4,513</b>        | <b>503,834</b>                | <b>508,347</b> |
| Acquisitions                          | 25,079              | 436,762                       | 461,842        |
| Disposals                             | -470                | -35,223                       | -35,693        |
| Revaluation                           | 2,698               | 0                             | 2,698          |
| Depreciation charge for the period    | 0                   | -155,727                      | -155,727       |
| Accumulated depreciation of disposals | 0                   | 26,064                        | 26,064         |
| Unrealised exchange rate differences  | 0                   | -5,651                        | -5,651         |
| <b>Carrying amount at 31 Dec 2006</b> | <b>31,819</b>       | <b>770,060</b>                | <b>801,880</b> |

| (In thousands of euro)                | Investment property | Property, plant and equipment | Total         |
|---------------------------------------|---------------------|-------------------------------|---------------|
| <b>Carrying amount at 31 Dec 2005</b> | <b>288</b>          | <b>32,201</b>                 | <b>32,489</b> |
| Acquisitions                          | 1,603               | 27,914                        | 29,517        |
| Disposals                             | -30                 | -2,251                        | -2,281        |
| Revaluation                           | 172                 | 0                             | 172           |
| Depreciation charge for the period    | 0                   | -9,953                        | -9,953        |
| Accumulated depreciation of disposals | 0                   | 1,666                         | 1,666         |
| Unrealised exchange rate differences  | 0                   | -361                          | -361          |
| <b>Carrying amount at 31 Dec 2006</b> | <b>2,034</b>        | <b>49,216</b>                 | <b>51,249</b> |

#### Note 5. Intangible assets

| (In thousands of Estonian kroons)     | Goodwill       | Other intangible assets | Total          |
|---------------------------------------|----------------|-------------------------|----------------|
| <b>Carrying amount at 31 Dec 2005</b> | <b>151,933</b> | <b>5,045</b>            | <b>156,978</b> |
| Acquisitions                          | 25             | 16,955                  | 16,980         |
| Disposals                             | 0              | -77                     | -77            |
| Depreciation for the period           | 0              | -4,214                  | -4,214         |
| Accumulated depreciation of disposals | 0              | 15                      | 15             |
| Impairment                            | -27,472        | 0                       | -27,472        |
| Unrealised exchange differences       | 0              | -4                      | -4             |
| <b>Carrying amount at 31 Dec 2006</b> | <b>124,486</b> | <b>17,720</b>           | <b>142,206</b> |

| (In thousands of euro)                | Goodwill     | Other intangible assets | Total         |
|---------------------------------------|--------------|-------------------------|---------------|
| <b>Carrying amount at 31 Dec 2005</b> | <b>9,710</b> | <b>322</b>              | <b>10,033</b> |
| Acquisitions                          | 2            | 1,084                   | 1,085         |
| Disposals                             | 0            | -5                      | -5            |
| Depreciation for the period           | 0            | -269                    | -269          |
| Accumulated depreciation of disposals | 0            | 1                       | 1             |
| Impairment                            | -1,756       | 0                       | -1,756        |
| Unrealised exchange differences       | 0            | 0                       | 0             |
| <b>Carrying amount at 31 Dec 2006</b> | <b>7,956</b> | <b>1,133</b>            | <b>9,089</b>  |

In connection with the divestment of the subsidiary Tower SIA, the Group recognised in the fourth quarter impairment losses for goodwill of EEK 1,332,000 (EUR 85,000). Management tested goodwill for impairment and measured the recoverable amounts of all items of goodwill as at 31 December 2006. Based on tests performed, management decided that there was no need for recognising any additional impairment losses.

## **Note 6. Equity**

In connection with the initial public offering (IPO) of the shares of Olympic Entertainment Group AS and the listing of all the shares of Olympic Entertainment Group AS in the main list of Tallinn Stock Exchange share capital was increased with monetary contributions by the issuance of 15,400,000 new shares.

The share capital of Olympic Entertainment Group AS is made up of 75,400,000 ordinary shares with a par value of EEK 10 each. The new 15,400,000 ordinary shares were issued with a share premium of EEK 63 per share. In recognising share premium, the costs of the IPO of EEK 27,384,000 (EUR 1,750,000) were deducted from the premium.

Basic earnings per share for 2005 have been determined by dividing the net profit for the period by 60,000,000 ordinary shares, Basic earnings per share for 2006 have been determined by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period. In calculating the weighted average number of shares, the number of shares for the period January-October was 60,000,000 and the one for November-December was 75,400,000. At the balance sheet date the Company had not issued any share options. Therefore, basic earnings per share equal diluted earnings per share.

## **Note 7. Segment reporting**

The Group's primary format for segment reporting is based on geographic segments. The revenue of geographic segments is reported according to the geographical location of customers. The Group's secondary segments are business segments, which comprise gaming services and other services (hotel services, bar services and other). Inter-segment pricing is determined on an arm's length basis.

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**Geographic segments**

(In thousands of Estonian kroons)

|                                  | <b>Estonia</b>  |                 | <b>Lithuania</b> |                 | <b>Latvia</b>   |                 | <b>Ukraine</b>  |                 | <b>Belarus</b>  |                 | <b>Poland</b>   |                 | <b>Eliminations</b> |                 | <b>Consolidated</b> |                 |
|----------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|---------------------|-----------------|
|                                  | <b>Q4, 2006</b> | <b>Q4, 2005</b> | <b>Q4, 2006</b>  | <b>Q4, 2005</b> | <b>Q4, 2006</b> | <b>Q4, 2005</b> | <b>Q4, 2006</b> | <b>Q4, 2005</b> | <b>Q4, 2006</b> | <b>Q4, 2005</b> | <b>Q4, 2006</b> | <b>Q4, 2005</b> | <b>Q4, 2006</b>     | <b>Q4, 2005</b> | <b>Q4, 2006</b>     | <b>Q4, 2005</b> |
| <b>Revenue</b>                   |                 |                 |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |                 |                     |                 |
| Revenue form external customers  | 204,037         | 147,744         | 110,815          | 83,065          | 159,372         | 40,571          | 32,867          | 18,193          | 1,271           | 0               | 0               | 0               | 0                   | 0               | 508,363             | 289,573         |
| Inter-segment revenue            | 10,927          | 5,912           | 4,711            | 5,463           | 2,844           | 783             | 0               | 0               | 0               | 0               | 0               | 0               | -18,483             | -12,159         | 0                   | 0               |
| <b>Total revenue</b>             | <b>214,964</b>  | <b>153,656</b>  | <b>115,527</b>   | <b>88,528</b>   | <b>162,217</b>  | <b>41,355</b>   | <b>32,867</b>   | <b>18,193</b>   | <b>1,271</b>    | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>-18,483</b>      | <b>-12,159</b>  | <b>508,363</b>      | <b>289,573</b>  |
| <b>Expenses</b>                  |                 |                 |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |                 |                     |                 |
| External expenses                | 125,121         | 94,195          | 98,628           | 57,942          | 128,536         | 29,448          | 27,635          | 15,793          | 3,696           | 354             | 428             | 0               | 0                   | 0               | 384,044             | 197,733         |
| Inter-segment expenses           | 8,520           | 2,631           | 5,405            | 7,356           | 3,368           | 1,934           | 1,326           | 0               | -149            | 0               | 0               | 0               | -18,470             | -11,922         | 0                   | 0               |
| <b>Total expenses</b>            | <b>133,641</b>  | <b>96,827</b>   | <b>104,033</b>   | <b>65,299</b>   | <b>131,905</b>  | <b>31,382</b>   | <b>28,960</b>   | <b>15,793</b>   | <b>3,546</b>    | <b>354</b>      | <b>428</b>      | <b>0</b>        | <b>-18,470</b>      | <b>-11,922</b>  | <b>384,044</b>      | <b>197,733</b>  |
| <b>Operating profit</b>          | <b>81,323</b>   | <b>56,830</b>   | <b>11,493</b>    | <b>23,230</b>   | <b>30,312</b>   | <b>9,972</b>    | <b>3,906</b>    | <b>2,400</b>    | <b>-2,275</b>   | <b>-354</b>     | <b>-428</b>     | <b>0</b>        | <b>-13</b>          | <b>-237</b>     | <b>124,319</b>      | <b>91,840</b>   |
| Net financing costs              |                 |                 |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |                 | 9,052               | -99             |
| Income tax expense               |                 |                 |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |                 | -18,623             | -724            |
| <b>Net profit for the period</b> |                 |                 |                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                     |                 | <b>114,749</b>      | <b>91,017</b>   |

(In thousands of Estonian kroons)

|                                  | <b>Estonia</b> |                | <b>Lithuania</b> |                | <b>Latvia</b>  |                | <b>Ukraine</b> |               | <b>Belarus</b> |             | <b>Poland</b> |             | <b>Eliminations</b> |                | <b>Consolidated</b> |                |
|----------------------------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|---------------|----------------|-------------|---------------|-------------|---------------------|----------------|---------------------|----------------|
|                                  | <b>2006</b>    | <b>2005</b>    | <b>2006</b>      | <b>2005</b>    | <b>2006</b>    | <b>2005</b>    | <b>2006</b>    | <b>2005</b>   | <b>2006</b>    | <b>2005</b> | <b>2006</b>   | <b>2005</b> | <b>2006</b>         | <b>2005</b>    | <b>2006</b>         | <b>2005</b>    |
| <b>Revenue</b>                   |                |                |                  |                |                |                |                |               |                |             |               |             |                     |                |                     |                |
| Revenue form external customers  | 672,052        | 465,693        | 389,369          | 260,817        | 511,211        | 121,683        | 94,881         | 31,701        | 1,676          | 0           | 0             | 0           | 0                   | 0              | 1,669,189           | 879,894        |
| Inter-segment revenue            | 65,803         | 24,753         | 19,756           | 18,345         | 9,344          | 2,878          | 0              | 0             | 0              | 0           | 0             | 0           | -94,903             | -45,976        | 0                   | 0              |
| <b>Total revenue</b>             | <b>737,855</b> | <b>490,445</b> | <b>409,125</b>   | <b>279,162</b> | <b>520,554</b> | <b>124,561</b> | <b>94,881</b>  | <b>31,701</b> | <b>1,676</b>   | <b>0</b>    | <b>0</b>      | <b>0</b>    | <b>-94,903</b>      | <b>-45,976</b> | <b>1,669,189</b>    | <b>879,894</b> |
| <b>Expenses</b>                  |                |                |                  |                |                |                |                |               |                |             |               |             |                     |                |                     |                |
| External expenses                | 435,892        | 315,929        | 302,281          | 198,357        | 401,938        | 101,965        | 77,175         | 39,808        | 8,003          | 354         | 428           | 0           | 0                   | 0              | 1,225,718           | 656,412        |
| Inter-segment expenses           | 63,791         | 18,417         | 22,397           | 22,829         | 11,162         | 4,402          | 2,156          | 0             | 224            | 0           | 0             | 0           | -99,731             | -45,649        | 0                   | 0              |
| <b>Total expenses</b>            | <b>499,683</b> | <b>334,346</b> | <b>324,678</b>   | <b>221,186</b> | <b>413,101</b> | <b>106,367</b> | <b>79,332</b>  | <b>39,808</b> | <b>8,227</b>   | <b>354</b>  | <b>428</b>    | <b>0</b>    | <b>-99,731</b>      | <b>-45,649</b> | <b>1,225,718</b>    | <b>656,412</b> |
| <b>Operating profit</b>          | <b>238,172</b> | <b>156,100</b> | <b>84,447</b>    | <b>57,976</b>  | <b>107,454</b> | <b>18,195</b>  | <b>15,550</b>  | <b>-8,107</b> | <b>-6,551</b>  | <b>-354</b> | <b>-428</b>   | <b>0</b>    | <b>4,828</b>        | <b>-327</b>    | <b>443,471</b>      | <b>223,482</b> |
| Net financing costs              |                |                |                  |                |                |                |                |               |                |             |               |             |                     |                | 1,669               | -1,864         |
| Income tax expense               |                |                |                  |                |                |                |                |               |                |             |               |             |                     |                | -41,343             | -5,975         |
| <b>Net profit for the period</b> |                |                |                  |                |                |                |                |               |                |             |               |             |                     |                | <b>403,798</b>      | <b>215,644</b> |

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**Geographic segments**

(In thousands of euro)

|                                 | Estonia  |          | Lithuania |          | Latvia   |          | Ukraine  |          | Belarus  |          | Poland   |          | Eliminations |          | Consolidated |              |
|---------------------------------|----------|----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------------|----------|--------------|--------------|
|                                 | Q4, 2006 | Q4, 2005 | Q4, 2006  | Q4, 2005 | Q4, 2006 | Q4, 2005 | Q4, 2006 | Q4, 2005 | Q4, 2006 | Q4, 2005 | Q4, 2006 | Q4, 2005 | Q4, 2006     | Q4, 2005 | Q4, 2006     | Q4, 2005     |
| Revenue                         |          |          |           |          |          |          |          |          |          |          |          |          |              |          |              |              |
| Revenue form external customers | 13,040   | 9,443    | 7,082     | 5,309    | 10,186   | 2,593    | 2,101    | 1,163    | 81       | 0        | 0        | 0        | 0            | 0        | 32,490       | 18,507       |
| Inter-segment revenue           | 698      | 378      | 301       | 349      | 182      | 50       | 0        | 0        | 0        | 0        | 0        | 0        | -1,181       | -777     | 0            | 0            |
| Total revenue                   | 13,739   | 9,820    | 7,383     | 5,658    | 10,368   | 2,643    | 2,101    | 1,163    | 81       | 0        | 0        | 0        | -1,181       | -777     | 32,490       | 18,507       |
| Expenses                        |          |          |           |          |          |          |          |          |          |          |          |          |              |          |              |              |
| External expenses               | 7,997    | 6,020    | 6,303     | 3,703    | 8,215    | 1,882    | 1,766    | 1,009    | 236      | 23       | 27       | 0        | 0            | 0        | 24,545       | 12,637       |
| Inter-segment expenses          | 545      | 168      | 345       | 470      | 215      | 124      | 85       | 0        | -10      | 0        | 0        | 0        | -1,180       | -762     | 0            | 0            |
| Total expenses                  | 8,541    | 6,188    | 6,649     | 4,173    | 8,430    | 2,006    | 1,851    | 1,009    | 227      | 23       | 27       | 0        | -1,180       | -762     | 24,545       | 12,637       |
| Operating profit                | 5,197    | 3,632    | 735       | 1,485    | 1,937    | 637      | 250      | 153      | -145     | -23      | -27      | 0        | -1           | -15      | 7,945        | 5,870        |
| Net financing costs             |          |          |           |          |          |          |          |          |          |          |          |          |              |          | 579          | -6           |
| Income tax expense              |          |          |           |          |          |          |          |          |          |          |          |          |              |          | -1,190       | -46          |
| Net profit for the period       |          |          |           |          |          |          |          |          |          |          |          |          |              |          | <b>7,334</b> | <b>5,817</b> |

(In thousands of euro)

|                                 | Estonia |        | Lithuania |        | Latvia |       | Ukraine |       | Belarus |      | Poland |      | Eliminations |        | Consolidated  |               |
|---------------------------------|---------|--------|-----------|--------|--------|-------|---------|-------|---------|------|--------|------|--------------|--------|---------------|---------------|
|                                 | 2006    | 2005   | 2006      | 2005   | 2006   | 2005  | 2006    | 2005  | 2006    | 2005 | 2006   | 2005 | 2006         | 2005   | 2006          | 2005          |
| Revenue                         |         |        |           |        |        |       |         |       |         |      |        |      |              |        |               |               |
| Revenue form external customers | 42,952  | 29,763 | 24,885    | 16,669 | 32,672 | 7,777 | 6,064   | 2,026 | 107     | 0    | 0      | 0    | 0            | 0      | 106,681       | 56,235        |
| Inter-segment revenue           | 4,206   | 1,582  | 1,263     | 1,172  | 597    | 184   | 0       | 0     | 0       | 0    | 0      | 0    | -6,065       | -2,938 | 0             | 0             |
| Total revenue                   | 47,158  | 31,345 | 26,148    | 17,842 | 33,269 | 7,961 | 6,064   | 2,026 | 107     | 0    | 0      | 0    | -6,065       | -2,938 | 106,681       | 56,235        |
| Expenses                        |         |        |           |        |        |       |         |       |         |      |        |      |              |        |               |               |
| External expenses               | 27,859  | 20,192 | 19,319    | 12,677 | 25,689 | 6,517 | 4,932   | 2,544 | 511     | 23   | 27     | 0    | 0            | 0      | 78,338        | 41,952        |
| Inter-segment expenses          | 4,077   | 1,177  | 1,431     | 1,459  | 713    | 281   | 138     | 0     | 14      | 0    | 0      | 0    | -6,374       | -2,918 | 0             | 0             |
| Total expenses                  | 31,936  | 21,369 | 20,751    | 14,136 | 26,402 | 6,798 | 5,070   | 2,544 | 526     | 23   | 27     | 0    | -6,374       | -2,918 | 78,338        | 41,952        |
| Operating profit                | 15,222  | 9,977  | 5,397     | 3,705  | 6,868  | 1,163 | 994     | -518  | -419    | -23  | -27    | 0    | 309          | -21    | 28,343        | 14,283        |
| Net financing costs             |         |        |           |        |        |       |         |       |         |      |        |      |              |        | 107           | -119          |
| Income tax expense              |         |        |           |        |        |       |         |       |         |      |        |      |              |        | -2,642        | -382          |
| Net profit for the period       |         |        |           |        |        |       |         |       |         |      |        |      |              |        | <b>25,807</b> | <b>13,782</b> |

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**Business segments**

(In thousands of Estonian kroons)

|                                 | <b>Gambling services</b> |                 | <b>Other services</b> |                 | <b>Eliminations</b> |                 | <b>Consolidated</b> |                 |
|---------------------------------|--------------------------|-----------------|-----------------------|-----------------|---------------------|-----------------|---------------------|-----------------|
|                                 | <b>Q4, 2006</b>          | <b>Q4, 2005</b> | <b>Q4, 2006</b>       | <b>Q4, 2005</b> | <b>Q4, 2006</b>     | <b>Q4, 2005</b> | <b>Q4, 2006</b>     | <b>Q4, 2005</b> |
| Revenue                         |                          |                 |                       |                 |                     |                 |                     |                 |
| Revenue form external customers | 472,525                  | 267,853         | 35,838                | 21,720          | 0                   | 0               | 508,363             | 289,573         |
| Inter-segment revenue           | 0                        | 0               | 18,483                | 12,159          | -18,483             | -12,159         | 0                   | 0               |
| Total revenue                   | 472,525                  | 267,853         | 54,321                | 33,879          | -18,483             | -12,159         | 508,363             | 289,573         |

**Business segments**

(In thousands of Estonian kroons)

|                                 | <b>Gambling services</b> |             | <b>Other services</b> |             | <b>Eliminations</b> |             | <b>Consolidated</b> |             |
|---------------------------------|--------------------------|-------------|-----------------------|-------------|---------------------|-------------|---------------------|-------------|
|                                 | <b>2006</b>              | <b>2005</b> | <b>2006</b>           | <b>2005</b> | <b>2006</b>         | <b>2005</b> | <b>2006</b>         | <b>2005</b> |
| Revenue                         |                          |             |                       |             |                     |             |                     |             |
| Revenue form external customers | 1,539,557                | 809,991     | 129,632               | 69,903      | 0                   | 0           | 1,669,189           | 879,894     |
| Inter-segment revenue           | 0                        | 0           | 94,903                | 45,976      | -94,903             | -45,976     | 0                   | 0           |
| Total revenue                   | 1,539,557                | 809,991     | 224,535               | 115,879     | -94,903             | -45,976     | 1,669,189           | 879,894     |

**Business segments**

(In thousands of euro)

|                                 | <b>Gambling services</b> |                 | <b>Other services</b> |                 | <b>Eliminations</b> |                 | <b>Consolidated</b> |                 |
|---------------------------------|--------------------------|-----------------|-----------------------|-----------------|---------------------|-----------------|---------------------|-----------------|
|                                 | <b>Q4, 2006</b>          | <b>Q4, 2005</b> | <b>Q4, 2006</b>       | <b>Q4, 2005</b> | <b>Q4, 2006</b>     | <b>Q4, 2005</b> | <b>Q4, 2006</b>     | <b>Q4, 2005</b> |
| Revenue                         |                          |                 |                       |                 |                     |                 |                     |                 |
| Revenue form external customers | 30,200                   | 17,119          | 2,290                 | 1,388           | 0                   | 0               | 32,490              | 18,507          |
| Inter-segment revenue           | 0                        | 0               | 1,181                 | 777             | -1,181              | -777            | 0                   | 0               |
| Total revenue                   | 30,200                   | 17,119          | 3,472                 | 2,165           | -1,181              | -777            | 32,490              | 18,507          |

**Business segments**

(In thousands of euro)

|                                 | <b>Gambling services</b> |             | <b>Other services</b> |             | <b>Eliminations</b> |             | <b>Consolidated</b> |             |
|---------------------------------|--------------------------|-------------|-----------------------|-------------|---------------------|-------------|---------------------|-------------|
|                                 | <b>2006</b>              | <b>2005</b> | <b>2006</b>           | <b>2005</b> | <b>2006</b>         | <b>2005</b> | <b>2006</b>         | <b>2005</b> |
| Revenue                         |                          |             |                       |             |                     |             |                     |             |
| Revenue form external customers | 98,396                   | 51,768      | 8,285                 | 4,468       | 0                   | 0           | 106,681             | 56,235      |
| Inter-segment revenue           | 0                        | 0           | 6,065                 | 2,938       | -6,065              | -2,938      | 0                   | 0           |
| Total revenue                   | 98,396                   | 51,768      | 14,350                | 7,406       | -6,065              | -2,938      | 106,681             | 56,235      |



## **Note 8. Subsidiaries**

|                                 | Domicile  | Ownership interest |             | Core activity                     | Shareholder                     |
|---------------------------------|-----------|--------------------|-------------|-----------------------------------|---------------------------------|
|                                 |           | 30 Dec 2006        | 31 Dec 2005 |                                   |                                 |
| Olympic Casino Eesti AS         | Estonia   | 95%                | 95%         | Arrangement of gaming             | Olympic Entertainment Group AS  |
| Nordic Gaming AS                | Estonia   | 100%               | 100%        | Under liquidation                 | Olympic Entertainment Group AS  |
| Olympic Casino Group Baltija    | Lithuania | 100%               | 100%        | Arrangement of gaming             | Olympic Entertainment Group AS  |
| Olympic Casino Latvia SIA       | Latvia    | 30,04%             | 36,5%       | Arrangement of gaming             | Olympic Entertainment Group AS  |
| Olympic Casino Latvia SIA       | Latvia    | 52,26%             | 63,5%       | Arrangement of gaming             | Olympic Casino Group Baltic SIA |
| Olympic Casino Latvia SIA       | Latvia    | 17,70%             | 0,0%        | Arrangement of gaming             | Baltic Gaming A/S               |
| Baltic Gaming AS                | Latvia    | 100%               | 100%        | Arrangement of gaming             | Olympic Entertainment Group AS  |
| Olympic Casino Ukraine TOV      | Ukraine   | 100%               | 100%        | Arrangement of gaming             | Olympic Entertainment Group AS  |
| Olympic Casino Bel IP           | Belarus   | 100%               | 100%        | Arrangement of gaming             | Olympic Entertainment Group AS  |
| Kungla Investeeringu AS         | Estonia   | 100%               | 100%        | Hotel and catering services       | Olympic Entertainment Group AS  |
| Vikings Services OÜ             | Estonia   | 100%               | 100%        | Under liquidation                 | Nordic Gaming AS                |
| Mecom Grupp UAB                 | Lithuania | 100%               | 100%        | Bar services                      | Olympic Entertainment Group AS  |
| Ahti SIA                        | Latvia    | 100%               | 100%        | Bar services                      | Olympic Entertainment Group AS  |
| Faraons SIA                     | Latvia    | 100%               | 100%        | Bar services                      | Olympic Entertainment Group AS  |
| Tower SIA                       | Latvia    | 0%                 | 100%        | Catering services                 | Baltic Gaming A/S               |
| Baltic Electronics SIA          | Latvia    | 25%                | 25%         | Production of electronic products | Baltic Gaming A/S               |
| Fortuna Travel OÜ               | Estonia   | 100%               | 100%        | Development of casino tourism     | Olympic Casino Eesti AS         |
| Kasiiino.ee OÜ                  | Estonia   | 100%               | 0%          | Internet solution services        | Olympic Entertainment Group AS  |
| Olympic Casino Group Baltic SIA | Latvia    | 100%               | 100%        | Holding activities                | Olympic Entertainment Group AS  |
| Silber Investments Sp. Z o.o.   | Poland    | 100%               | 100%        | Holding activities                | Olympic Entertainment Group AS  |
| Baina Investments Sp. Z o.o.    | Poland    | 100%               | 100%        | Holding activities                | Olympic Entertainment Group AS  |

In November 2006 the divestment of the subsidiary Tower SIA was completed. The Group's divestment gains on the transaction amounted to EEK 9,741,000 (EUR 622,000).

## Note 9. Transactions with related parties

For the purposes of these consolidated interim financial statements, related parties include:

- a. shareholders;
- b. members of the executive and higher management;
- c. close family members of and companies related to the above; and
- d. associated companies.

In the preparation of the consolidated interim financial statements, all intra-group receivables and liabilities and all intra-group revenues, expenses and unrealised gains and losses were eliminated.

During the reporting period, Group entities performed purchase and sales transactions with related parties in the following volumes

| (In thousands of Estonian kroons)                       |                     | 2006      | 2005      |
|---|---------------------|-----------|-----------|
| Related party   | Transaction         | Purchases | Purchases |
| Company related to the chairman of the management board | Lease of premises   | 859       | 733       |
| Company related to a member of the management board     | Consulting services | 253       | 339       |
| <b>Total</b>  |                     |           |           |

| (In thousands of euro)                                  |                     | 2006      | 2005      |
|---|---------------------|-----------|-----------|
| Related party   | Transaction         | Purchases | Purchases |
| Company related to the chairman of the management board | Lease of premises   | 55        | 47        |
| Company related to a member of the management board     | Consulting services | 16        | 22        |
| <b>Total</b>  |                     |           |           |

| (In thousands of Estonian kroons) |             | 31 Dec 2006 | 31 Dec 2005 |
|-----------------------------------|-------------|-------------|-------------|
| Related party                     | Transaction | Receivable  | Receivable  |
| Member of the Management Board    | Loan        | 0           | 250         |
| <b>Total</b>                      |             |             |             |

| (In thousands of euro)                                  |                   | 31 Dec 2006 | 31 Dec 2005 |
|---|-------------------|-------------|-------------|
| Related party   | Transaction       | Payable     | Payable     |
| Company related to the chairman of the management board | Lease of premises | 0           | 16          |
| <b>Total</b>  |                   |             |             |

| (In thousands of Estonian kroons) |             | 31 Dec 2006 | 31 Dec 2005 |
|-----------------------------------|-------------|-------------|-------------|
| Related party                     | Transaction | Receivable  | Receivable  |
| Member of the Management Board    | Loan        | 92          | 0           |
| <b>Total</b>                      |             |             |             |

| (In thousands of euro)                                  |                   | 31 Dec 2006 | 31 Dec 2005 |
|---|-------------------|-------------|-------------|
| Related party   | Transaction       | Payable     | Payable     |
| Company related to the chairman of the management board | Lease of premises | 6           | 0           |
| <b>Total</b>  |                   |             |             |

In 2006, the remuneration of the members of the management board and the members of the supervisory board, excluding social charges, totalled EEK 1,178,000 (EUR 75,000) and EEK 165,000 (EUR 11,000) respectively.

### **Note 10. Subsequent events**

In 2007 option agreements were made with members of the management board of Olympic Entertainment Group AS and the Group's key personnel. Under the option agreements, during the period 2008-2010 a member of the management board may subscribe a total of 166,812 shares in Olympic Entertainment Group and a key staff member may subscribe a total of 66,723 shares. The precise number of the shares that a member of the management board or a key staff member may subscribe will depend on the attainment of the Group's financial targets and the objectives set for the area of activity of the member of the management board or the key staff member. The options may be exercised every year from 2008 to 2010.