

Olympic Entertainment Group AS

Interim financial report

Quarter 1, 2007

Unaudited

Business name	Olympic Entertainment Group AS
Registration number	10592898
Address	Pronksi 19, Tallinn 10124
Telephone	+372 6 671 250
Fax	+372 6 671 270
E-mail	info@ocg.ee
Website	www.olympic-casino.com
Beginning of financial year	1 January 2006
End of reporting period	31 March 2007
Managing director	Armin Karu
Auditor	KPMG Baltics AS

Contents

DIRECTORS' REPORT	4
Consolidated interim financial statements.....	9
Statement of management responsibility	9
Consolidated interim balance sheet	10
Consolidated interim income statement	12
Consolidated interim statement of cash flows	14
Consolidated interim statement of changes in equity	16
Notes to the consolidated interim financial statements	17
Note 1. Significant accounting policies	17
Note 2. Investment property and property, plant and equipment	18
Note 3. Intangible assets	18
Note 4. Earnings per share	19
Note 5. Segment reporting	19
Note 6. Subsidiaries	22
Note 7. Transactions with related parties	24

DIRECTORS' REPORT

Corporate profile

Olympic Entertainment Group AS (hereinafter also the "Group") is the 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. In April 2007 the Group acquired a casino operator in Poland, concluded an agreement on the operation of casinos and acquisition of assets in Romania, and established a subsidiary in Slovakia.

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 subsidiaries' casinos. At 31 March 2007 the Group had 82 casinos and employed 2,406 people in 5 countries. At the date of release of this report, 21 May 2007, the Group is already operating 105 casinos: 35 in Estonia, 38 in Latvia, 10 in Lithuania, 10 in Ukraine, 2 in Belarus, 7 in Poland and 3 in Romania.

The Group is a definite 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 TOB in Ukraine, Olympic Casino Bel IP in Belarus, Casino Polonia-Wroclaw Sp. z o.o. in Poland and Olympic Casino Bucharest SRL in Romania. 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, is separated from casino operations and assigned to relevantly specialized legal persons. A complete list of Group companies is presented in note 6 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 still operates most of its casinos under the Bumerangs brand name and Casino Polonia-Wroclaw Sp. z o.o. whose newest casino will be opened under the Olympic Casino brand name but other casinos operate under the Casino Polonia brand. The recently acquired Kristiine Kasiino casinos have not implemented the Olympic Casino brand either yet. 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 operating results for Q1, 2007

In the first half of 2007 the priority of Group has been aggressive expansion according to the corporate vision and strategy. To date, expansion activities and the Group's operations have proceeded according to set objectives and plans. Q1 revenue and expenses do not include the results of newly acquired entities but expansion has increased the parent's Q1 operating expenses.

In March 2007 Olympic Entertainment Group established the subsidiary Olympic Casino Bucharest SRL (OCB) in Romania and on 12 April OCB signed an agreement on the acquisition of the assets of the Romanian casino operator Empire International Game World. Under the agreement, OCB is going to acquire three casinos the Romanian capital Bucharest.

At the beginning of April the Group completed the acquisition of the shares in AS Kristiine Kasiino and OÜ Casinova. The purpose of the transaction was to expand operations and consolidate the Group's position in the Estonian gaming market.

In April 2007 Olympic Entertainment Group AS established the subsidiary in Slovakia. The transaction was performed to prepare the ground for the Group's entry to the Slovakian gaming market.

At the end of April the Group finalised the acquisition of an 80% stake in Casino Polonia-Wroclaw Sp. z o.o. (CP). In May 2007 CP is going to open a new casino at Hilton Hotel in Warsaw. The total investment will amount approximately to 110 million kroons (€7 million). With its 1600 square metres, 100 slot machines and 20 game tables, the new Olympic Casino Sunrise will be the largest casino in Poland.

Thanks to successful geographical expansion and growth of operating volumes in the existing markets, the Group is expecting to end Q2 with revenue of 638 million kroons (€40.8 million) and an operating profit of 123 million kroons (€7.9 million). Revenue and operating profit growth forecasts are 70% up and 69% up on Q2, 2006 respectively. Revenue and operating profit forecasts for the first half-year amount to 1.1 billion kroons (€70.3 million) and 211 million kroons (€13.5 million) respectively.

According to forecasts, consolidated revenue for 2007 will amount to 2.67 billion kroons (€170.5 million), 60% up on 2006, and consolidated operating profit for 2007 will amount to 595 million kroons (€38.0 million), 34% up on 2006.

Highlights of Q1, 2007:

Revenue:	461.1 million kroons (year-on-year change +32%)
Operating profit:	87.4 million kroons (year-on-year change -17%)
Operating margin*:	19.0% (Q1, 2006: 30.1%)
Profit before tax:	96.9 million kroons (year-on-year change -5%)
Net profit **:	82.7 million kroons (year-on-year change -12%)
Net margin***:	17.9% (Q1, 2006: 26.9%)

* Operating margin = operating profit / revenue

** Net profit before minority interest

*** Net margin = net profit / revenue

€1 = 15.6466 kroons

The Group ended Q1, 2007 with consolidated revenue of 461.1 million kroons (€29.5 million), a 32% increase on a year ago.

The period's consolidated operating profit amounted to 87.4 million kroons (€5.6 million). The decline from a year ago results primarily from non-recurring expenses such as operating expenses of 6 million kroons (€0.4 million) incurred on the implementation of the Group's aggressive expansion policy, i.e., penetration of the Polish gaming market, acquisition of Kristiine Kasiino and preparations made for entry to other new markets (Romania and Slovakia), and taxes of 14 million kroons (€0.9 million) paid on the stock options issued to members of the Group's management board and other key executives. Consolidated net profit for Q1 amounted to 82.7 million kroons (€5.3 million) including net profit attributable to equity holders of the parent of 79.3 million kroons (€5.1 million). The period's operating margin was 19.0% and net margin 17.9%.

Revenue growth may be attributed to several factors: revenue growth at most of our established casinos, new casinos openings in 2006 and in the first months of 2007. Significant influence on revenue growth comes from the opening of, Olympic Voodoo Casino, the largest casino in the Baltic countries in May 2006.

In the first quarter of 2007, 94% of consolidated revenue resulted from gaming operations, other operations contributed 6%.

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

	Q1, 2007	Proportion	Q1, 2006	Proportion	Revenue growth
Estonia	176,307	38.2%	139,227	39.9%	26.6%
Latvia	155,847	33.8%	105,367	30.2%	47.9%
Lithuania	95,515	20.7%	88,319	25.3%	8.1%
Ukraine	31,893	6.9%	16,377	4.6%	94.7%
Belarus	1,501	0.4%	-	-	-
TOTAL	461,063	100%	349,290	100%	32.0%

€1 = 15.6466 kroons

Similarly to prior periods, the largest share of the Group's revenue is earned in Estonia. However, the contributions of Latvia and Ukraine, which posted the highest year-on-year growth rates, have increased considerably. The decline in the proportion of revenue earned in Lithuania and the fact that revenue growth in Lithuania is lagging behind the Group's average may be explained by the temporary closure of the leading casino in Kaunas (the hotel in which the casino is located is undergoing renovation) and the direction of the Group's investments to swiftly developing markets in Ukraine and Poland.

Consolidated operating expenses for Q1, 2007 totalled 373.7 million kroons (€23.9 million), 53% up on the 244.2 million kroons (€15.6 million) incurred a year ago. The largest expense item was still labour costs which extended to 119.2 million kroons (€7.6 million), followed by depreciation and amortisation expenses of 47.2 million kroons (€3.0 million), gaming tax and operation licence expenses of 44.9 million kroons (€2.9 million), marketing expenses of 34.3 million kroons (€2.2 million) and buildings-related lease expenses of 28.9 million kroons (€1.8 million). In the income statement, gaming taxes and marketing and lease expenses are shown on the *other operating expenses*.

The increase in operating expenses is related, above all, to the Group's rapid expansion and revenue growth. In absolute terms the largest growth occurred in labour costs which increased by 39.8 million kroons (€2.5 million), i.e., 50% compared to Q1, 2006. The increase in labour costs may be explained by the Group's swift expansion, the opening of new casinos (the main reason for a rise in labour costs) and heightening competition in the labour market which boosts wages and salaries. The Group adjusted its salaries at the beginning of 2007 and is not planning any major pay-rises for subsequent periods. The growth in gaming tax expenses is related to the opening of new casinos and an increase in gaming tax rates in Latvia. 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 while the growth in marketing expenses stems from expanding sales which increase bonus points acquired by customers, jackpot expenses and the costs of promoting new casinos.

Balance sheet and capital expenditures

At 31 March 2007 the consolidated balance sheet of Olympic Entertainment Group AS stood at 2,388.5 million kroons (€152.7 million), 3% up on the 2,309.2 million kroons (€147.6 million) measured at 31 December 2006.

Current assets amounted to 1,272.7 million kroons (€81.4 million), accounting for 53% of total assets, while non-current assets amounted to 1,115.8 million kroons (€71.3 million) accounting for 47% of total assets.

The Group's liabilities totalled 236.1 million kroons (€15.1 million) and consolidated equity equalled 2,152.4 million kroons (€137.6 million).

The period's capital expenditures totalled 99.3 million kroons (€6.3 million). Investments in the renovation of leased premises amounted to 19.2 million kroons (€1.2 million), investments in equipment totalled 39.2 million kroons (€2.5 million), and investments in other items of property, plant and equipment equalled 31.1 million kroons (€2.0 million). At the balance sheet date, prepayments for property, plant and equipment amounted to 9.5 million kroons (€0.6 million) and investments in software licences and intangible assets totalled 0.3 million kroons (€0.02 million).

Personnel

In connection with the opening of new casinos, the average number of the Group's employees grew from 2,066 on 31 March 2006 to 2,406 on 31 March 2007, a 17% increase. At the end of the reporting period we employed 630 people in Estonia and 1,776 people outside Estonia (867 in Latvia, 671 in Lithuania, 188 in Ukraine and 50 in Belarus).

Employee remuneration expenses for Q1, 2007 including social taxes amounted to 119.2 million kroons (€7.6 million) against 79.4 million kroons (€5.1 million) a year ago.

Results of casino operators

At the end of March 2007, the Group had 82 casinos with the total area of 23,169 square metres. A year ago, the number of casinos was 70 and their total area 18,616 square metres.

Number of casinos by markets:

	31 March 2007	31 March 2006
Estonia	24	18
Latvia	38	39
Lithuania	10	8
Ukraine	9	5
Belarus	1	0
TOTAL	82	70

OLYMPIC CASINO EESTI AS

Olympic Casino Eesti AS (OCE) opened a new casino near Marja supermarket in Tallinn in the first hours of 2007 and its 24th casino and the largest slot casino in Estonia (386 square metres) in Järve Centre, Tallinn on 3 February 2007. At the end of March 2007 the number casinos operating under the Olympic Casino brand in Estonia was 24 including 6 outside Tallinn. The casinos have a total of 952 slot machines and 19 gaming tables.

Together with the casinos of AS Kristiine Kasiino, whose acquisition was finalised on 9 April 2007, the Group now has 35 casinos and 1,237 slot machines in Estonia.

OCE ended Q1 with sales of 165.3 million kroons (€10.6 million), 13% up on a year ago, including gaming revenue of 163.4 million kroons (€10.4 million), 28% up on a year ago. Net profit amounted to 66.5 million kroons (€4.3 million), 10% up on Q1, 2006. Profit growth was attained thanks to revenue growth of the formerly established casinos and the successful launch of new casinos.

OLYMPIC CASINO LATVIA SIA

In 2007 Olympic Casino Latvia SIA (OCL) is going to focus on transferring most of the casinos of Baltic Gaming AS (BG) under the Olympic Casino brand name (smaller casinos will remain under the Bumerangs brand) and performing the legal merger of the two companies. In Q1, 2007 no new casinos were opened but two former BG casinos in Ventspils were transformed and harmonised with the standards of Olympic Casino. At the end of March, OCL was operating 10 casinos with a total of 461 slot machines and 39 gaming tables.

OCL's sales for Q1, 2007 amounted to 107.3 million kroons (€6.9 million), a 2.5-fold increase on a year ago. Net profit for the period amounted to 22.1 million kroons (€1.4 million), a 2.0-fold improvement on Q1, 2006. The upsurge in sales and profit was achieved thanks to the opening of Olympic Voodoo Casino, the largest Baltic casino, in May 2006 and strong revenue growth at most of the established casinos.

BALTIC GAMING AS

At the end of March 2007, BG was operating 28 slot casinos with a total of 734 slot machines in Riga and other Latvian cities.

BG ended the reporting period with sales of 41.0 million kroons (€2.6 million) and net profit of 1.3 million kroons (€0.1 million). A year ago sales revenue and net profit amounted to 54.4 million kroons (€3.5 million) and 14.0 million kroons (€0.9 million) respectively. In comparing the results for Q1, 2007 and Q1, 2006 it is important to note that financials for Q1, 2007 have been significantly affected by the transfer of the operation of Voodoo Tower casino and four slot casinos to OCL. This reduced both BG's sales and profit.

OLYMPIC CASINO GROUP BALTIJA UAB

Olympic Casino Group Baltija UAB (OCGB) did not open any new casinos in Q1. On 1 March OCGB's leading casino in Kaunas was closed for half a year for renovation and refurbishment. At 31 March 2007, 10 casinos (including the one closed for renovation) with 398 slot machines and 61 gaming tables were being operated under the Olympic Casino brand in Lithuania.

OCGB's Q1 sales revenue and net profit amounted to 90.8 million kroons (€5.8 million), 6.2% up on a year ago, and 13.6 million kroons (€0.9 million), 47% down from a year ago, respectively. The decrease in net profit was caused by an increase in marketing and depreciation expenses and the temporary closure of the leading casino in Kaunas (the work of the casino was disrupted already before closure of the casino due to the renovation of the hotel facilities).

OLYMPIC CASINO UKRAINE TOV

In the middle of January 2007 Olympic Casino Ukraine TOV (OCU) opened its 9th casino in Sofievsky Street, Kiev. At the end of March OCU had nine casinos with a total of 442 slot machines, all located in Kiev.

At the end of April 2007 OCU opened its 10th casino on Prospekt Pobeda, one of Kiev's largest and busiest avenues.

OCU ended Q1, 2007 with sales of 31.9 million kroons (€2.0 million), a 2-fold increase on a year ago, and a net profit of 2.2 million kroons (€0.1 million). Net profit for Q1, 2006 amounted to 1.6 million kroons (€0.1 million). Profit growth may be attributed to strong revenue growth at both formerly established and new casinos.

OLYMPIC CASINO BEL IP

Olympic Casino Bel IP, which was established in July 2005, opened its first casino in the middle of August 2006. The second slot casino was opened on 9 May 2007 in Pritytskovo district in Minsk and Olympic Casino Bel IP is preparing for the opening of three more Olympic Casinos.

Sales revenue for Q1, 2007 amounted to 1.5 million kroons (€0.1 million). Due to expenses incurred in connection with the opening of new casinos, the reporting period ended in a loss of 5.2 million kroons (€0.3 million).

The Group's significant financials

	Q1 2007	Q1 2006	Change
Revenue (kroons, millions)	461.1	349.3	32.0%
EBITDA (kroons, millions)	134.6	134.0	0.0%
Operating profit (kroons, millions)	87.4	105.1	-16.9%
Net profit (kroons, millions)	82.7	94.0	-12.0%
EBITDA margin	29.2%	38.5%	-24.3%
Operating margin	19.0%	30.1%	-37.0%
Net margin	17.9%	26.9%	-33.4%
Equity ratio	90.1%	66.1%	36.2%

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 before 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

€1 = 15.6466 kroons

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 for the first quarter of 2007 presented on pages 9 to 24 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 as adopted by the EU;
- ❑ 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 (21 May 2007) have been properly recognised and disclosed; and
- ❑ Olympic Entertainment Group AS and its subsidiaries (excluding Nordic Gaming AS and Viking Services OÜ which are in liquidation) are going concerns.

21 May 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 Mar 2007	31 Dec 2006
Current assets			
Cash and cash equivalents		1,180,024	1,234,658
Trade receivables		6,523	7,181
Other receivables and prepayments		56,914	41,902
Prepaid income tax		6,922	6,388
Inventories		22,340	10,507
Total current assets		1,272,722	1,300,637
Non-current assets			
Deferred tax assets		3,313	3,204
Other financial investments		18,277	18,311
Other long-term receivables		102,225	42,554
Investment property	2	31,819	31,819
Property, plant and equipment	2	819,224	770,471
Intangible assets	3	140,922	142,206
Total non-current assets		1,115,780	1,008,564
TOTAL ASSETS		2,388,502	2,309,201

LIABILITIES AND EQUITY

In thousands of Estonian kroons	31 Mar 2007	31 Dec 2006
LIABILITIES		
Current liabilities		
Interest-bearing loans and borrowings	139	174
Customer advances	16,110	15,340
Trade payables	80,411	97,139
Income tax liability	26,978	20,304
Other tax liabilities	30,852	30,330
Other accrued payables	47,556	43,515
Provisions	20,198	16,213
Total current liabilities	222,244	223,015
Non-current liabilities		
Deferred tax liability	13,863	12,182
Interest-bearing loans and borrowings	0	991
Total non-current liabilities	13,863	13,173
Total liabilities	236,107	236,188
EQUITY		
Share capital	754,000	754,000
Share premium	968,800	968,800
Statutory capital reserve	4	4
Translation reserve	-5,514	-2,217
Retained earnings	394,641	315,308
Total equity attributable to equity holders of the parent	2,111,931	2,035,896
Minority interest	40,464	37,118
Total equity	2,152,395	2,073,013
TOTAL LIABILITIES AND EQUITY	2,388,502	2,309,201

Consolidated interim balance sheet (continued)

ASSETS			
In thousands of euro	Note	31 Mar 2007	31 Dec 2006
Current assets			
Cash and cash equivalents		75,417	78,909
Trade receivables		417	459
Other receivables and prepayments		3,637	2,678
Prepaid income tax		442	408
Inventories		1,428	672
Total current assets		81,342	83,126
Non-current assets			
Deferred tax assets		212	205
Other financial investments		1,168	1,170
Other long-term receivables		6,533	2,720
Investment property	2	2,034	2,034
Property, plant and equipment	2	52,358	49,242
Intangible assets	3	9,007	9,089
Total non-current assets		71,311	64,459
TOTAL ASSETS		152,653	147,585
LIABILITIES AND EQUITY			
In thousands of euro		31 Mar 2007	31 Dec 2006
LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings		9	11
Customer advances		1,030	980
Trade payables		5,139	6,208
Income tax liability		1,724	1,298
Other tax liabilities		1,972	1,938
Other accrued payables		3,039	2,781
Provisions		1,291	1,036
Total current liabilities		14,204	14,253
Non-current liabilities			
Deferred tax liability		886	779
Interest-bearing loans and borrowings		0	63
Total non-current liabilities		886	842
Total liabilities		15,090	15,095
EQUITY			
Share capital		48,189	48,189
Share premium		61,918	61,918
Statutory capital reserve		0	0
Translation reserves		-352	-142
Retained earnings		25,222	20,152
Total equity attributable to equity holders of the parent		134,977	130,117
Minority interest		2,586	2,372
Total equity		137,563	132,490
TOTAL LIABILITIES AND EQUITY		152,653	147,585

Consolidated interim income statement

In thousands of Estonian kroons	Note	Q1, 2007	Q1, 2006
Revenue			
Sales revenue		459,738	347,462
Other income		1,325	1,828
Total revenue		461,063	349,290
Expenses			
Cost of materials, goods and services used		-11,144	-10,498
Other operating expenses		-195,603	-124,452
Labour costs		-119,222	-79,415
Depreciation and amortisation expense		-47,172	-29,489
Other expenses		-513	-308
Total expenses		-373,654	-244,162
Operating profit		87,409	105,129
Financial income and expenses			
Interest income		12,932	781
Interest expense		-4	-2,828
Foreign exchange gains and losses		-3,392	-909
Net financial items		9,536	-2,956
Profit from operations		96,945	102,173
Income tax expense		-14,265	-8,176
NET PROFIT FOR THE PERIOD		82,679	93,997
Attributable to minority interest		3,346	3,018
Attributable to equity holders of the parent		79,333	90,979
Basic earnings per share (kroons)	4	1.05	1.52
Diluted earnings per share (kroons)	4	1.05	1.52

Consolidated income statement (continued)

In thousands of euro	Note	Q1, 2007	Q1, 2006
Revenue			
Sales revenue		29,383	22,207
Other income		85	117
Total revenue		29,467	22,324
Expenses			
Cost of materials, goods and services used		-712	-671
Other operating expenses		-12,501	-7,954
Labour costs		-7,620	-5,076
Depreciation and amortisation expense		-3,015	-1,885
Other expenses		-33	-20
Total expenses		-23,881	-15,605
Operating profit		5,586	6,719
Financial income and expenses			
Interest income		826	50
Interest expense		0	-181
Foreign exchange gains and losses		-217	-58
Net financial items		609	-189
Profit from operations		6,196	6,530
Income tax expense		-912	-523
NET PROFIT FOR THE PERIOD		5,284	6,007
Attributable to minority interest		214	193
Attributable to equity holders of the parent		5,070	5,815
Basic earnings per share (euro)	4	0.07	0.10
Diluted earnings per share (euro)	4	0.07	0.10

Consolidated interim statement of cash flows

In thousands of Estonian kroons	Note	Q1, 2007	Q1, 2006
Cash flows from operating activities			
Net profit for the period		82,679	93,997
Adjustments for			
Depreciation and amortisation	2;3	47,172	29,489
Gains on disposal of property, plant and equipment		-53	0
Net other financial income and expenses		-9,536	2,956
Change in receivables and prepayments		-22,445	-12,219
Change in inventories		-11,833	5,323
Change in payables and advances received		81	4,937
Interest paid		-4	-261
Corporate income tax paid		-2,288	0
Net cash from operating activities		83,773	124,221
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangibles		-89,181	-70,016
Proceeds from sale of property, plant and equipment and intangibles		21	0
Acquisition of investment property		0	0
Proceeds from sale of financial investments		0	13,916
Acquisition of subsidiaries		-156	0
Loans given		-57,736	0
Repayment of loans given		2	0
Interest received		9,013	356
Net cash used in investing activities		-138,037	-55,744
Cash flows from financing activities			
Proceeds from loans received		0	226,876
Repayment of loans received		0	-227,751
Payment of finance lease principal		-47	-62
Net cash used in financing activities		-47	-936
NET CASH FLOWS		-54,310	67,540
Decrease / increase in cash and cash equivalents		-54,310	67,540
Cash and cash equivalents at beginning of period		1,234,658	184,564
Effect of exchange rate fluctuations		-324	-33
Cash and cash equivalents at end of period		1,180,024	252,071

Consolidated interim statement of cash flows (continued)

In thousands of euro	Note	Q1, 2007	Q1, 2006
Cash flows from operating activities			
Net profit for the period		5,284	6,007
Adjustments for			
Depreciation and amortisation	2;3	3,015	1,885
Gains on disposal of property, plant and equipment		-3	0
Net other financial income and expenses		-609	189
Change in receivables and prepayments		-1,435	-781
Change in inventories		-756	340
Change in payables and advances received		5	316
Interest paid		0	-17
Corporate income tax paid		-146	0
Net cash from operating activities		5,354	7,939
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangibles		-5,700	-4,475
Proceeds from sale of property, plant and equipment and intangibles		1	0
Acquisition of investment property		0	0
Proceeds from sale of financial investments		0	889
Acquisition of subsidiaries		-10	0
Loans given		-3,690	0
Repayment of loans given		0	0
Interest received		576	23
Net cash used in investing activities		-8,822	-3,563
Cash flows from financing activities			
Proceeds from loans received		0	14,500
Repayment of loans received		0	-14,556
Payment of finance lease principal		-3	-4
Net cash used in financing activities		-3	-60
NET CASH FLOWS		-3,471	4,317
Decrease / increase in cash and cash equivalents		-3,471	4,317
Cash and cash equivalents at beginning of period		78,909	11,796
Effect of exchange rate fluctuations		-21	-2
Cash and cash equivalents at end of period		75,417	16,110

Consolidated interim statement of changes in equity

In thousands of Estonian kroons

Equity attributable to equity holders of the parent

	Share capital	Share premium	Statutory capital reserve	Translation reserve	Retained earnings	Total	Minority interest	Total
At 31 Dec 2005	40	25,598	4	2,074	546,469	574,185	21,655	595,839
Net profit for the period	0	0	0	0	90,979	90,979	3,018	93,997
Effect of changes in exchange rates	0	0	0	384	0	384	0	384
Total recognised income and expense	0	0	0	384	90,979	91,363	3,018	94,381
At 31 Mar 2006	40	25,598	4	2,458	637,448	665,548	24,673	690,220

At 31 Dec 2006	754,000	968,800	4	-2,217	315,308	2,035,896	37,118	2,073,013
Net profit for the period	0	0	0	0	79,333	79,333	3,346	82,679
Effect of changes in exchange rates	0	0	0	-3,297	0	-3,297	0	-3,297
Total recognised income and expense	0	0	0	-3,297	79,333	76,036	3,346	79,382
At 31 Mar 2007	754,000	968,800	4	-5,514	394,641	2,111,931	40,464	2,152,395

In thousands of euro

Equity attributable to equity holders of the parent

	Share capital	Share premium	Statutory capital reserve	Translation reserve	Retained earnings	Total	Minority interest	Total
At 31 Dec 2005	3	1,636	0	133	34,926	36,697	1,384	38,081
Net profit for the period	0	0	0	0	5,815	5,815	193	6,008
Effect of changes in exchange rates	0	0	0	25	0	25	0	25
Total recognised income and expense	0	0	0	25	5,815	5,839	193	6,032
At 31 Mar 2006	3	1,636	0	157	40,740	42,536	1,577	44,113

At 31 Dec 2006	48,189	61,918	0	-142	20,152	130,117	2,372	132,490
Net profit for the period	0	0	0	0	5,070	5,070	214	5,284
Effect of changes in exchange rates	0	0	0	-211	0	-211	0	-211
Total recognised income and expense	0	0	0	-211	5,070	4,860	214	5,073
At 31 Mar 2007	48,189	61,918	0	-352	25,222	134,977	2,586	137,563

Notes to the consolidated interim 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 1st quarter ended 31 March 2007 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 2006 are available upon request from the Company’s registered office at Pronksi 19, Tallinn or on the Company’s web page www.olympic-casino.com.

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 2006.

These condensed consolidated interim financial statements were approved by the management board on 21 May 2007.

Basis of preparation

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 2006.

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 2006.

Note 2. Investment property and property, plant and equipment

In thousands of Estonian kroons	Investment property	Property, plant and equipment	Total
Carrying amount at 31 Dec 2006	31,819	770,471	802,290
Acquisitions	0	98,965	98,965
Disposals	0	-609	-609
Depreciation charge for the period	0	-45,957	-45,957
Accumulated depreciation of disposals	0	459	459
Unrealised exchange rate differences	0	-4,105	-4,105
Carrying amount at 31 Mar 2007	31,819	819,224	851,043

In thousands of euro	Investment property	Property, plant and equipment	Total
Carrying amount at 31 Dec 2006	2,034	49,242	51,276
Acquisitions	0	6,325	6,325
Disposals	0	-39	-39
Depreciation charge for the period	0	-2,937	-2,937
Accumulated depreciation of disposals	0	29	29
Unrealised exchange rate differences	0	-262	-262
Carrying amount at 31 Mar 2007	2,034	52,358	54,392

Note 3. Intangible assets

In thousands of Estonian kroons	Goodwill	assets	Total
Carrying amount at 31 Dec 2006	124,486	17,720	142,206
Acquisitions	0	336	336
Disposals	-347	0	-347
Depreciation charge for the period	0	-1,215	-1,215
Unrealised exchange rate differences	0	-58	-58
Carrying amount at 31 Mar 2007	124,139	16,783	140,922

In thousands of euro	Goodwill	assets	Total
Carrying amount at 31 Dec 2006	7,956	1,133	9,089
Acquisitions	0	21	21
Disposals	-22	0	-22
Depreciation charge for the period	0	-78	-78
Unrealised exchange rate differences	0	-4	-4
Carrying amount at 31 Mar 2007	7,934	1,073	9,007

In the reporting period the Group wrote goodwill down by 347,000 kroons (€22,000) in connection with the closing of final purchase price of BG companies. In 1st quarter of 2006, no goodwill was wrote down.

Note 4. Earnings per share

Basic earnings per share are calculated by dividing profit for the period by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by dividing profit for the period by the weighted average number of shares outstanding during the period, both adjusted for the effects of all dilutive potential equity instruments.

Calculations of diluted earnings per share do not include the option agreements made with members of the management board and other key staff members of Group according to IAS 33. 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.

	EEK '000		€ '000	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Net profit for the period	79,333	90,979	5,070	5,815
Weighted average number of shares (in thousands)	75,400	60,000	75,400	60,000
Basic earnings per share	1.05	1.52	0.07	0.10
Diluted earnings per share	1.05	1.52	0.07	0.10

Note 5. Segment reporting

The Group's primary segment reporting format is geographical segments which are based on the customers' geographical location. 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.

Olympic Entertainment Group AS
Interim financial report
Quarter 1, 2007
Unaudited

Geographical segments

In thousands of Estonian kroons

	Estonia		Latvia		Lithuania		Ukraine		Belarus		Poland		Eliminations		Consolidated	
	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006
Sales revenue from external customers	175,739	138,239	155,215	104,562	95,401	88,319	31,881	16,343	1,501	0	0	0	0	0	459,738	347,462
Other external income	567	989	632	805	114	0	12	34	0	0	0	0	0	0	1,325	1,828
Inter-segment sales revenue and other income	2,041	6,868	80	0	12	0	0	0	0	0	0	0	-2,133	-6,868	0	0
Total revenue	178,347	146,095	155,927	105,367	95,528	88,319	31,893	16,377	1,501	0	0	0	-2,133	-6,868	461,063	349,290
External expenses	-140,830	-92,488	-124,038	-77,043	-75,067	-60,936	-27,023	-13,695	-6,176	0	-520	0	0	0	-373,654	-244,162
Inter-segment expenses	-51	-6,554	-803	-1,290	-770	-1,234	-398	0	-111	0	0	0	2,133	9,079	0	0
Total expenses	-140,881	-99,043	-124,841	-78,332	-75,837	-62,170	-27,421	-13,695	-6,287	0	-520	0	2,133	9,079	-373,654	-244,162
Operating profit	37,466	47,053	31,086	27,035	19,691	26,148	4,472	2,683	-4,786	0	-520	0	0	2,210	87,409	105,129
Net financial items															9,536	-2,956
Income tax expense															-14,265	-8,176
Net profit for the year															82,679	93,997

In thousands of euro

	Estonia		Latvia		Lithuania		Ukraine		Belarus		Poland		Eliminations		Consolidated	
	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006
Sales revenue from external customers	11,232	8,835	9,920	6,683	6,097	5,645	2,038	1,045	96	0	0	0	0	0	29,383	22,207
Other external income	36	63	40	51	7	0	1	2	0	0	0	0	0	0	85	117
Inter-segment sales revenue and other income	130	439	5	0	1	0	0	0	0	0	0	0	-136	-439	0	0
Total revenue	11,398	9,337	9,966	6,734	6,105	5,645	2,038	1,047	96	0	0	0	-136	-439	29,467	22,324
External expenses	-9,001	-5,911	-7,927	-4,924	-4,798	-3,895	-1,727	-875	-395	0	-33	0	0	0	-23,881	-15,605
Inter-segment expenses	-3	-419	-51	-82	-49	-79	-25	0	-7	0	0	0	136	580	0	0
Total expenses	-9,004	-6,330	-7,979	-5,006	-4,847	-3,973	-1,753	-875	-402	0	-33	0	136	580	-23,881	-15,605
Operating profit	2,394	3,007	1,987	1,728	1,258	1,671	286	171	-306	0	-33	0	0	141	5,586	6,719
Net financial items															609	-189
Income tax expense															-912	-523
Net profit for the year															5,284	6,007

Olympic Entertainment Group AS
Interim financial report
Quarter 1, 2007
Unaudited

Business segments

In thousands of Estonian kroons

	Gaming services		Other services		Eliminations		Consolidated	
	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006
Sales revenue from external customers	437,036	328,544	22,702	18,918	0	0	459,738	347,462
Other external income	793	894	531	934	0	0	1,325	1,828
Inter-segment sales revenue and other income	796	17,791	14,693	17,301	-15,489	-35,092	0	0
Total revenue	438,626	347,229	37,926	37,153	-15,489	-35,092	461,063	349,290

In thousands of euro

	Gaming services		Other services		Eliminations		Consolidated	
	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006	Q1, 2007	Q1, 2006
Sales revenue from external customers	27,932	20,998	1,451	1,209	0	0	29,383	22,207
Other external income	51	57	34	60	0	0	85	117
Inter-segment sales revenue and other income	51	1,137	939	1,106	-990	-2,243	0	0
Total revenue	28,033	22,192	2,424	2,375	-990	-2,243	29,467	22,324

Note 6. Subsidiaries

	Domicile	Ownership interest		Core activity	Shareholder
		31 Mar 07	31 Dec 06		
Olympic Casino Eesti AS	Estonia	95%	95%	Organisation of gaming	OEG
Nordic Gaming AS	Estonia	100%	100%	In liquidation	OEG
Kungla Investeeringu AS	Estonia	100%	100%	Hotel services, catering	OEG
Vikings Services OÜ	Estonia	100%	100%	In liquidation	Nordic Gaming AS
Fortuna Travel OÜ	Estonia	100%	100%	Casino tourism	Olympic Casino Eesti AS
Kasiino.ee OÜ	Estonia	100%	100%	Internet solutions	OEG
Olympic Casino Latvia SIA	Latvia	30,04%	30,04%	Organisation of gaming	OEG
Olympic Casino Latvia SIA	Latvia	52,26%	52,26%	Organisation of gaming	Olympic Casino Group Baltic SIA
Olympic Casino Latvia SIA	Latvia	17,70%	17,70%	Organisation of gaming	Baltic Gaming A/S
Baltic Gaming A/S	Latvia	100%	100%	Organisation of gaming	OEG
Ahti SIA	Latvia	100%	100%	Bar services	OEG
Faraons SIA	Latvia	100%	100%	Bar services	OEG
Baltic Electronics SIA	Latvia	25%	25%	Production of electronic equipment	Baltic Gaming A/S
Olympic Casino Group Baltic SIA	Latvia	100%	100%	Holding activities	OEG
Olympic Casino Group Baltija	Lithuania	100%	100%	Organisation of gaming	OEG
Mecom Grupp UAB	Lithuania	100%	100%	Bar services	OEG
Olympic Casino Bel IP	Belarus	100%	100%	Organisation of gaming	OEG
Olympic Casino Ukraine TOV	Ukraine	100%	100%	Organisation of gaming	OEG
Silber Investments Sp. Z o.o.	Poland	100%	100%	Holding activities	OEG
Baina Investments Sp. Z o.o.	Poland	100%	100%	Holding activities	OEG
Olympic Casino Bucharest SRL	Romania	100%	0%	Organisation of gaming	OEG

In March 2007 OEG established a subsidiary in Romania and in April a subsidiary in Slovakia. On 12 April the Romanian subsidiary signed an agreement on the acquisition of the assets of the Romanian casino operator Empire International Game World. In accordance with the agreement, OCB will acquire three casinos in the Romanian capital Bucharest for 60,239,000 kroons (€3,850,000).

On 27 April OEG finalised the acquisition of an 80% stake in Casino Polonia Wroclaw Sp. z o.o. The share capital of Casino Polonia amounts to 4,928,000 zloty (approximately 20,000,000 kroons or €1,278,000). The total purchase price of the shares was 140,819,000 kroons (€9,000,000). At the date of release of these financial statements the purchase price allocation has not yet been performed due to a limited time period between the date of acquisition and the date of release of these financial statements.

On 9 April OEG finalised the acquisition of AS Kristiine Kasiino (including Jokker Pokker OÜ) (KK) and OÜ Casinova (Casinova). The purpose of the transaction was to expand operations and to consolidate the Group's position in the Estonian gaming market.

On 18 April OEG transferred the interests acquired to Olympic Casino Eesti AS (OCE), another Group company. As a result of the transaction, the Group's interest in the net assets of KK decreased to 95%. The purpose of the transfer was KK's and Casinova's integration in the Group's operations and structure. All casino operations in Estonia are the responsibility of OCE. Therefore, the shares acquired in KK and Casinova were transferred to OCE. The shares were transferred in preparation for the merger of OCE and KK. On 20 April 2007 OCE and KK signed a merger agreement according to which KK will merge with OCE. As a result of the transaction, KK will be dissolved and its entire property, including all rights and obligations, will transfer to OCE. The objective of the merger is to streamline the administration of the entities, to minimise their costs and improve their operating efficiency. KK will be dissolved without liquidation proceedings. The merger will be deemed effected as of the date it is entered in the Commercial Register. This should occur at the end of June 2007.

The final cost of KK and Casinova including working capital (cash and bank balances) amounted to 300,381,000 kroons. OEG paid 285,908,000 kroons of this in cash and will pay the remaining 14,473,000 kroons with 100,000 freely transferable ordinary shares in OEG which are listed on Tallinn Stock Exchange. The value of a share is measured based on the closing price of the share at Tallinn Stock Exchange on the last business day preceding the signature of the agreement between OEG and KC Grupp, i.e., €9.25 translated to Estonian kroons at the exchange rate of 15.6466 kroons to €1.

At the date these financial statements are authorised for issue, the process of measuring the fair value of the net assets acquired has not been completed yet. According to preliminary estimates, the effect of the business combination is the following:

Kristiine Kasiino AS ja Casinova OÜ	
In thousands of Estonian kroons	Fair value
Cash and bank balances	49,458
Receivables and prepayments	8,420
Inventories	1,094
Non-current financial investments	441
Property, plant and equipment	41,371
Intangible assets	1,012
Liabilities	7,763
Net assets	94,033
Ownership interest acquired	95%
Net assets acquired	89,331
Goodwill on acquisition	211,050
Purchase price	300,381
Cash and bank balances acquired	49,458
Consideration paid, satisfied in cash	-285,908
Net cash outflow	-236,450

Kristiine Kasiino AS ja Casinova OÜ	
In thousands of euro	Fair value
Cash and bank balances	3,161
Receivables and prepayments	538
Inventories	70
Non-current financial investments	28
Property, plant and equipment	2,644
Intangible assets	65
Liabilities	496
Net assets	6,010
Ownership interest acquired	95%
Net assets acquired	5,709
Goodwill on acquisition	13,489
Purchase price	19,198
Cash and bank balances acquired	3,161
Consideration paid, satisfied in cash	-18,273
Net cash outflow	-15,112

Note 7. Transactions with related parties

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

- shareholders with significant influence
- members of the executive and higher management;
- close family members of and companies related to the above; and
- mother company and associated companies.

In the preparation of these condensed 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 and period-end balances with related parties were the following:

In thousands of Estonian kroons		Q1, 2007	Q1, 2006
Related party	Transaction	Purchases	Purchases
Mother company	Lease of business premises	277	183
Company related to the member of the board	Consulting services	0	90
Total		277	273

In thousands of Estonian kroons		31 Mar 07	31 Dec 06
Related party	Transaction	Payables	Payables
Mother company	Lease of business premises	92	92
Total		92	92

In thousands of euro		Q1, 2007	Q1, 2006
Related party	Transaction	Purchases	Purchases
Mother company	Lease of business premises	18	12
Company related to the member of the board	Consulting services	0	6
Total		18	18

In thousands of euro		31 Mar 07	31 Dec 06
Related party	Transaction	Payables	Payables
Mother company	Lease of business premises	6	6
Total		6	6

In 1st quarter 2007, the remuneration of the members of the management board and the members of the supervisory board totalled EEK 1,215,000 (EUR 77,000), in 1st quarter 2006 the remuneration totalled in EEK 152,000 (EUR 9,000) .