

Olympic Entertainment Group AS

Unaudited consolidated interim financial statements  
9 months and 3<sup>rd</sup> quarter of 2007

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Beginning of financial year	1 January 2007
End of reporting period	30 September 2007
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## **DIRECTORS' REPORT**

### **Corporate profile**

Olympic Entertainment Group AS (the "Group") is the leading gaming services provider in the Baltic countries (Estonia, Latvia and Lithuania) and a swiftly developing casino operator in Ukraine, Belarus, Poland and Romania.

Olympic Entertainment Group AS is the Group's ultimate holding company, which deals with the Group's strategic management and financing. The Group's casinos are operated by local subsidiaries: Olympic Casino Eesti AS in Estonia, Olympic Casino Latvia SIA in Latvia, Olympic Casino Group Baltija UAB in Lithuania, Olympic Casino Ukraine TOV in Ukraine, Olympic Casino Bel IP in Belarus, Casino Polonia-Wroclaw Sp. z o.o. in Poland and Olympic Casino Bucharest S.r.l. 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, have been separated from casino operations and assigned to specialized entities. A complete list of Group companies can be found in note 9 to the financial statements.

The Group operates slot and table casinos which belong to its subsidiaries. At most casinos, the Group also operates casino bars. At 30 September 2007, the Group had 115 casinos - 35 in Estonia, 36 in Latvia, 12 in Lithuania, 18 in Ukraine, 3 in Belarus, 8 in Poland and 3 in Romania - and employed 3,779 people in 7 countries.

### **Unaudited consolidated operating results for nine months of 2007**

The third quarter of 2007 saw several significant developments in the operations of Olympic Entertainment Group AS ("OEG" or the "Group").

Since 26 September, the shares of OEG have been traded on the Warsaw Stock Exchange. Membership in the fourth-largest stock exchange in Europe supports our future ambitions, broadens our international reach and makes OEG's shares available to a larger number of foreign investors.

We continued implementing our expansion plans. In July, we acquired a 97.5% interest Kesklinna Hotelli OÜ with a view to launching a new business line - the development of casino hotels and casino complexes. In September, our Ukrainian subsidiary Olympic Casino Ukraine TOV signed an agreement by which it completed the acquisition of the best-known Ukrainian casino operator Eldorado. Eldorado casinos, which are operated by Alea Private Company, Eldorado Leisure Company and Ukraine Leisure Company, comprise five gaming halls, including three with game tables, all situated in prime locations in Kiev's city centre and the surrounding areas. The cost of the transaction amounted to approx. 144 million kroons (9.2 million euros). The results of the Eldorado casinos will be consolidated from the fourth quarter of 2007.

The merger of Olympic Casino Eesti AS and Kristiine Kasiino AS was finalised in July. Within a year, all Kristiine Kasiino casinos, except the casino in Kristiine Trading Center, will be integrated under the Olympic Casino brand name. The revamp and refurbishment of the Kristiine Kasiino facilities will cost approx. 80 million kroons (5 million euros).

In August, the Group penetrated a new, category B gaming halls segment in Lithuania.

In the last quarter of the year, our Latvian subsidiary Olympic Casino Latvia SIA concluded a preliminary agreement for the acquisition of Admirāļu klubs AS. The preliminary price of the 100% shareholding is 625.9 million kroons (40 million euros). After the transaction, the Group's share in the Latvian gaming market will increase to 25%. Admirāļu klubs AS' current year turnover prognosis is approx. 18 million Latvian lats and the entity operates approx. 2400 slots. We expect to finalise the transaction at the beginning of 2008.

Selected financial data

9 months 2007

Revenue:	1,691.5 million kroons (year-over-year growth 45.7%)
Operating profit:	297.8 million kroons (year-over-year decrease 6.7%)
Operating margin*:	17.6% (9 months 2006: 27.5%)
Profit before tax:	309.4 million kroons (year-over-year decrease 0.7%)
Net profit **:	283.3 million kroons (year-over-year decrease 2.0%)
Net margin***:	16.7% (9 months 2006: 24.9%)

\* Operating margin = operating profit / revenue

\*\* Net profit before minority interest

\*\* Net margin = net profit / revenue

1 euro = 15.6466 kroons

The Group ended the first nine months of 2007 with consolidated revenue of 1,691.5 million kroons (108.1 million euros), a 45.7% improvement on the corresponding period in 2006.

Consolidated operating profit for the first nine months amounted to 297.8 million kroons (19.0 million euros), a 6.7% decrease compared with the same period in 2006, and consolidated net profit amounted to 283.3 million kroons (18.1 million euros), a 2.0% decline compared with a year ago. The operating margin of the first nine months of 2006 was 27.5% and net margin 24.9%.

The revenue and profit for the first nine months of 2007 were influenced by major third-quarter wins at the Polish Casino Sunrise which reduced revenue by approx. 10 million kroons (0.7 million euros). In addition, operating results were adversely affected by the continuing renovation of the hotel in which our leading casino in Kaunas is situated, a decline in the revenues generated by our Rocca al Mare and Grand Hotel Tallinn casinos in Estonia (caused by the renovation of related premises), and delays in the launch of casinos in Ukraine and Belarus.

Gaming operations accounted for 94.3% of consolidated revenue and other operations contributed 5.7%.

Distribution of revenue by geographical segments (in thousands of kroons)

	9 months 2007	Proportion	9 months 2006	Proportion	Revenue growth
Estonia	624,804	36.9%	468,015	40.3%	33.5%
Latvia	498,105	29.4%	351,838	30.3%	41.6%
Lithuania	312,672	18.5%	278,554	24.0%	12.2%
Ukraine	107,451	6.4%	62,015	5.4%	73.3%
Belarus	6,940	0.4%	405	-	-
Poland	131,566	7.8%	-	-	-
Romania	9,979	0.6%	-	-	-
Total	1,691,517	100%	1,160,827	100%	45.7%

1 euro = 15.6466 kroons

The largest proportion of the Group's revenue was earned in Estonia. Compared with the same period in 2006, the contribution of the Group's Estonian entities has decreased to 36.9%. The contributions of Ukraine and Poland increased notably but the highest year-over-year growth rates were achieved in Ukraine (a 73.3% increase) and Latvia (a 41.6% increase). The decline in the proportion of Lithuanian revenues and the fact that revenue growth in Lithuania is lagging behind the Group's average may be attributed to the temporary closure of the leading casino in Kaunas (the hotel in which the casino is located is being renovated) and the allocation of the Group's investments to swiftly developing markets in Ukraine, Poland and Romania. In the third quarter, the Group entered a new, category B casino segment in Lithuania, which should start boosting revenues at the beginning of next year.

In the first quarter, the Group forecast that in view of geographical expansion and growth in existing markets annual revenue would amount to 2.67 billion kroons (170.5 million euros) and annual operating profit to 595 million kroons (38.0 million euros). Anticipated annual growth rates were 60% for revenue and 34% for operating profit.

The revenue and operating profit forecasts for 2007 were made assuming that Admirāļu klubs AS would be acquired at the beginning of the second half-year. The forecasts were based on operating revenues and expenses without taking into account non-capitalisable renovation and expansion expenses which totalled 37.8 million kroons (2.4 million euros) in the first nine months of 2007. In connection with unexpected delays in the acquisitions and opening of new casinos and the fact that some facilities are still in their start-up phase, the Group now forecasts that annual revenue will amount to 2.3 billion kroons (147.0 million euros) in place of the formerly projected 2.67 billion kroons (170.5 million euros). Because of expansion expenses and the adjustment of the revenue forecast, the annual operating profit forecast is set at 450 million kroons (28.8 million euros) in place of the previously projected 595 million kroons (38.0 million euros).

Consolidated operating expenses for the first nine months totalled 1,393.8 million kroons (89.1 million euros), 65.6% up on the 841.7 million kroons (53.8 million euros) incurred a year ago. The growth rate of operating expenses has been inhibited and the nominal growth of expenses is related to the acquisition of Casino Polonia and Kristiine Kasiino in the second quarter of 2007. The structure of operating expenses has not changed. The period's largest expense item was personnel expenses which amounted to 443.2 million kroons (28.3 million euros). The next in size were gaming tax and activity licence expenses of 204.4 million kroons (13.0 million euros) and depreciation and amortisation expenses of 174.6 million kroons (11.2 million euros), followed by marketing expenses of 129.6 million kroons (8.3 million euros) and buildings-related lease expenses of 113.1 million kroons (7.2 million euros). The growth in operating expenses is related to the Group's expansion and the opening of new casinos.

Operating expenses for the first nine months include non-recurring items of 27.0 million kroons (1.7 million euros): the expenses of researching new markets (4.1 million kroons (0.3 million euros)), the costs of entering the Polish market (6.0 million kroons (0.4 million euros)), and taxes related to options provided to supervisory and management boards members and the key personnel (16.9 million kroons (1.1 million euros)).

Consolidated net profit for the period has been affected by unrealised exchange differences – a net exchange loss of 12.3 million kroons (0.8 million euros) arisen from fluctuations in the euro-US dollar exchange rate. Exchange differences are recognised in the income statement in *Net financial items*.

### **Balance sheet and capital expenditures**

At 30 September 2007, the consolidated balance sheet stood at 2,498.9 million kroons (159.7 million euros), up 8.2% on the 2,309.2 million kroons (147.6 million euros) measured at 31 December 2006.

Current assets amounted to 577.9 million kroons (36.9 million euros), accounting for 23.1% of total assets, while non-current assets amounted to 1,920.9 million kroons (122.8 million euros), i.e. 76.9% of total assets. The proportion of current assets has decreased due to the acquisition of subsidiaries, investment and the distribution of dividends.

Consolidated liabilities totalled 278.2 million kroons (17.8 million euros) and consolidated equity equalled 2,220.7 million kroons (141.9 million euros). The Group's liabilities consist of items incurred in the ordinary course of business. The largest liabilities include tax commitments of 70.7 million kroons (4.5 million euros), trade payables of 68.9 million kroons (4.4 million euros), payables to employees of 59.9 million kroons (3.8 million euros), and finance lease liabilities of 27.2 million kroons (1.7 million euros).

In the first nine months of 2007, the Group's investments excluding business combinations totalled 438.5 million kroons (28.0 million euros). Expenditures on the renovation of leased premises amounted to 108.6 million kroons (6.9 million euros), equipment acquisitions totalled 258.3 million kroons (16.5 million euros), and expenditures on other items of property, plant and equipment equalled 40.9 million kroons (2.6 million euros). Prepayments for tangible assets totalled 30.7 million kroons (2.0 million euros). Business combinations increased the carrying amount of property, plant and equipment by 152.5 million kroons (9.7 million euros).

Intangible assets increased on account of assets and goodwill of 541.6 million kroons (34.6 million euros) acquired through business combinations. Software-related investments totalled 3.3 million kroons (0.2 million euros).

## People

In connection with the opening of new casinos, the number of staff grew by more than 59% year-over-year, reaching 3,779 on 30 September 2007 (30 September 2006: 2,243). At the end of September, the Group employed 700 people in Estonia, 1055 in Latvia, 732 in Lithuania, 656 in Ukraine, 75 in Belarus, 426 in Poland and 135 in Romania.

Employee remuneration expenses for the first nine months of 2007 including social charges amounted to 443.2 million kroons (28.3 million euros) against 263.9 million kroons (16.9 million euros) a year ago.

## Results of casino operators

At the end of September 2007, the Group had 114 casinos with a total area of 32,823 square metres. A year ago, the number of casinos was 73 and their total area 20,979 square metres.

Number of casinos by markets

	30 Sept 2007	30 Sept 2006
Estonia	35	20
Latvia	36	38
Lithuania	12	8
Ukraine	18	6
Belarus	3	1
Poland	8	0
Romania	3	0
TOTAL	115	73

## OLYMPIC CASINO EESTI AS

At the end of September 2007, there were 35 Olympic casinos in Estonia including 9 outside Tallinn; 28 of the casinos operated under the Olympic Casino and 7 under the Kristiine Kasiino brand name. The casinos had a total of 1,217 slot machines and 25 game tables.

Olympic Casino Eesti AS (OCE) ended the first nine months of 2007 with revenue of 568.6 million kroons (36.3 million euros), 25.8% up on a year ago. OCE's net profit for nine months amounted to 225.6 million kroons (14.4 million euros), 7.1% up year-over-year. Profit growth was attained thanks to revenue growth at existing casinos and a successful launch of new casinos.

## OLYMPIC CASINO LATVIA SIA

The legal merger of Olympic Casino Latvia SIA (OCL) and Baltic Gaming AS (BG) was successfully finalised on 5 July. In the third quarter, three BG casinos which operate under the Bumerangs brand name were refurbished and renovation will continue in the fourth quarter. At the end of September 2007, OCL was operating 36 casinos with a total of 1,184 slot machines and 40 game tables.

OCL's and BG's revenues for the first nine months of 2007 totalled 475.0 million kroons (30.4 million euros), a more than 45% improvement on their combined revenue for the first nine months of 2006. Net profit for the period amounted to 66.6 million kroons (4.3 million euros), a figure similar to the one achieved a year ago. Profit growth is impeded by surging personnel expenses, larger gaming tax expenses (caused by a rise in the tax rate), increasing sales which boost jackpot and bonus point expenses, the costs of combining BG and OCL, and an investment-triggered rise in depreciation and amortisation expenses.

## OLYMPIC CASINO GROUP BALTIJA UAB

In the reporting period, Olympic Casino Group Baltija UAB (OCGB) penetrated a new, category B gaming segment and opened two new casinos in September 2007. OCGB's leading casino in Kaunas is still closed because the hotel in which it is located is undergoing renovation. At the end of September 2007, OCGB was operating 10 casinos under the Olympic Casino brand name (including the one temporarily closed for

renovation) and 2 under the Bumerangas brand name. The casinos have a total of 460 slot machines and 62 game tables.

OCGB ended the first nine months of 2007 with revenue of 298.8 million kroons (19.1 million euros), 11.7% up year-over-year. Compared with the first nine months of 2006, net profit increased by 10.9% to 65.5 million kroons (4.2 million euros).

#### OLYMPIC CASINO UKRAINE TOV

At the end of September, Olympic Casino Ukraine TOV (OCU) was operating 13 Olympic Casinos. In September, a final contract was signed for the acquisition of 5 casinos including 2 table casinos operating under the Eldorado brand name. The results of the Eldorado casinos will be consolidated from the fourth quarter of 2007.

OCU ended the first nine months of 2007 with revenue of 107.4 million kroons (6.9 million euros), a 73.8% upswing on a year ago. The increase may be attributed to revenue growth at existing casinos and the opening of new gaming facilities. OCU's net profit amounted to 2.5 million kroons (0.2 million euros), 6.4 million kroons (0.4 million euros) down from a year ago. Profit has shrunk due to rapid expansion which has increased expenses (especially lease expenses) and investment-related growth in depreciation and amortisation expenses.

#### OLYMPIC CASINO BEL IP

At the end of September, Olympic Casino Bel IP (OCB) was operating 3 casinos in Minsk. In October, the fourth Olympic Casino was opened and another one should be launched before the year-end.

OCB's revenue for the first nine months of 2007 amounted to 6.4 million kroons (0.4 million euros). Due to delays in the opening of new casinos and the start-up phases of launched facilities, the period ended in a loss of 14.8 million kroons (0.9 million euros).

#### CASINO POLONIA - WROCLAW SP. Z.O.O

Casino Polonia Wroclaw Sp. Z.o.o (CP) ended the period May-September 2007 with revenue of 130.8 million kroons (8.6 million euros). CP's revenues remained smaller than expected due to major wins at Casino Sunrise in September which reduced revenue by approx. 10 million kroons (0.7 million). Due to the wins and restructuring expenses, the period ended in a loss of 18.7 million kroons (1.2 million euros).

#### OLYMPIC CASINO BUCHAREST S.R.L.

Two casinos in the Romanian capital Bucharest are still closed for renovation which should be completed by the end of 2007. The casino located in the Sofitel Hotel was opened for business on 1 June.

Olympic Casino Bucharest S.r.l. ended the period June-September with revenue of 10.0 million kroons (0.7 million euros). Because of expenses incurred in connection with preparations made for the opening of new gaming halls and the reorganisation of operations, the period June-September ended in a loss of 17.8 million kroons (1.1 million euros).

#### The Group's key financials

	9 months 2007	9 months 2006	Change
Revenue (kroons, millions)	1691.5	1160.8	45.7%
EBITDA(kroons, millions)	472.3	443.2	6.6%
Operating profit (kroons, millions)	297.8	319.2	-6.7%
Net profit (kroons, millions)	283.3	289.0	-2.0%
EBITDA margin	27.9%	38.2%	-26.9%
Operating margin	17.6%	27.5%	-36.0%
Net margin	16.7%	24.9%	-32.7%
Equity ratio	88.9%	68.7%	29.4%



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 euro = 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 third quarter and the first nine months of 2007 presented on pages 11 to 33 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 (28 November 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.

28 November 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	30 September 2007	31 December 2006
<b>Current assets</b>			
Cash and cash equivalents	2	476,253	1,234,658
Trade receivables		8,335	7,181
Other receivables and prepayments		53,344	41,902
Prepaid income tax		14,764	6,388
Inventories		25,251	10,507
<b>Total current assets</b>		<b>577,948</b>	<b>1,300,637</b>
<b>Non-current assets</b>			
Deferred tax assets		2,380	3,204
Other investments		18,209	18,311
Long-term receivables	3	10,460	42,554
Investment property	4	31,819	31,819
Property, plant and equipment	4	1,177,190	770,471
Intangible assets	5	680,866	142,206
<b>Total non-current assets</b>		<b>1,920,924</b>	<b>1,008,564</b>
<b>TOTAL ASSETS</b>		<b>2,498,872</b>	<b>2,309,201</b>

### LIABILITIES AND EQUITY

In thousands of Estonian kroons	Note	30 September 2007	31 December 2006
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	6	4,909	174
Customer advances		18,543	15,340
Trade payables		68,889	97,139
Income tax liability		23,414	20,304
Other tax liabilities		47,320	30,330
Other accrued payables		76,722	43,515
Provisions		8,386	16,213
<b>Total current liabilities</b>		<b>248,183</b>	<b>223,015</b>
<b>Non-current liabilities</b>			
Deferred tax liability		11,046	12,182
Interest-bearing loans and borrowings	6	18,984	991
<b>Total non-current liabilities</b>		<b>30,030</b>	<b>13,173</b>
<b>Total liabilities</b>		<b>278,213</b>	<b>236,188</b>
<b>EQUITY</b>			
Share capital	7	1,510,000	754,000
Share premium		227,273	968,800
Statutory capital reserve		19,444	4
Translation reserve		-11,052	-2,217
Retained earnings		420,691	315,308
Total equity attributable to equity holders of the parent		2,166,357	2,035,896
Minority interest		54,303	37,118
<b>Total equity</b>		<b>2,220,659</b>	<b>2,073,013</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,498,872</b>	<b>2,309,201</b>

## Consolidated interim balance sheet (continued)

### ASSETS

In thousands of euros	Note	30 September 2007	31 December 2006
<b>Current assets</b>			
Cash and cash equivalents	2	30,438	78,909
Trade receivables		533	459
Other receivables and prepayments		3,409	2,678
Prepaid income tax		944	408
Inventories		1,614	672
<b>Total current assets</b>		<b>36,938</b>	<b>83,126</b>
<b>Non-current assets</b>			
Deferred tax assets		152	205
Other investments		1,164	1,170
Long-term receivables	3	669	2,720
Investment property	4	2,034	2,034
Property, plant and equipment	4	75,236	49,242
Intangible assets	5	43,515	9,089
<b>Total non-current assets</b>		<b>122,769</b>	<b>64,459</b>
<b>TOTAL ASSETS</b>		<b>159,707</b>	<b>147,585</b>

### LIABILITIES AND EQUITY

In thousands of euro	Note	30 September 2007	31 December 2006
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	6	314	11
Customer advances		1,186	980
Trade payables		4,403	6,208
Income tax liability		1,496	1,298
Other tax liabilities		3,024	1,938
Other accrued payables		4,903	2,781
Provisions		536	1,036
<b>Total current liabilities</b>		<b>15,862</b>	<b>14,253</b>
<b>Non-current liabilities</b>			
Deferred tax liability		706	779
Interest-bearing loans and borrowings	6	1,213	63
<b>Total non-current liabilities</b>		<b>1,919</b>	<b>842</b>
<b>Total liabilities</b>		<b>17,781</b>	<b>15,095</b>
<b>EQUITY</b>			
Share capital	7	96,507	48,189
Share premium		14,525	61,918
Statutory capital reserve		1,243	0
Translation reserve		-707	-142
Retained earnings		26,887	20,152
Total equity attributable to equity holders		138,455	130,117
Minority interest		3,471	2,372
<b>Total equity</b>		<b>141,926</b>	<b>132,490</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>159,707</b>	<b>147,585</b>

## Consolidated interim income statement

In thousands of Estonian kroons	Note	Q3 2007	Q3 2006	9 months 2007	9 months 2006
<b>Revenue</b>					
Sales revenue		654,131	434,148	1,684,993	1,155,124
Other income		3,003	2,158	6,524	5,702
<b>Total revenue</b>		<b>657,134</b>	<b>436,305</b>	<b>1,691,517</b>	<b>1,160,827</b>
<b>Expenses</b>					
Cost of materials, goods and services used		-15,153	-12,422	-40,759	-34,723
Other operating expenses		-301,814	-155,879	-732,848	-417,110
Personnel expenses		-170,669	-90,579	-443,150	-263,912
Depreciation and amortisation expense	4; 5	-66,869	-36,169	-174,566	-97,932
Impairment of goodwill	5	0	0	0	-26,141
Other expenses		-906	-33	-2,443	-1,857
<b>Total expenses</b>		<b>-555,411</b>	<b>-295,083</b>	<b>-1,393,766</b>	<b>-841,675</b>
<b>Operating profit</b>		<b>101,723</b>	<b>141,223</b>	<b>297,751</b>	<b>319,152</b>
<b>Financial income and expenses</b>					
Interest income		4,850	1,303	24,240	3,328
Interest expense		-272	-2,950	-286	-8,949
Foreign exchange gains and losses		-9,326	674	-12,263	-1,762
<b>Net financial items</b>		<b>-4,749</b>	<b>-973</b>	<b>11,691</b>	<b>-7,383</b>
<b>Profit from operations</b>		<b>96,974</b>	<b>140,250</b>	<b>309,442</b>	<b>311,769</b>
Income tax expense		-2,736	-2,941	-26,170	-22,720
<b>NET PROFIT FOR THE PERIOD</b>		<b>94,238</b>	<b>137,309</b>	<b>283,273</b>	<b>289,049</b>
Attributable to minority interest		1,392	4,380	7,650	10,850
Attributable to equity holders of the parent		92,846	132,929	275,623	278,199
Basic earnings per share (kroons)	7	0.61	1.11	1.83	2.32
Diluted earnings per share (kroons)	7	0.61	1.11	1.83	2.32

## Consolidated interim income statement (continued)

In thousands of euros	Note	Q3 2007	Q3 2006	9 months 2007	9 months 2006
<b>Revenue</b>					
Sales revenue		41,807	27,747	107,691	73,826
Other income		192	138	417	364
<b>Total revenue</b>		<b>41,999</b>	<b>27,885</b>	<b>108,108</b>	<b>74,190</b>
<b>Expenses</b>					
Cost of materials, goods and services used		-968	-794	-2,605	-2,219
Other operating expenses		-19,289	-9,963	-46,838	-26,658
Personnel expenses		-10,908	-5,789	-28,322	-16,867
Depreciation and amortisation expense	4; 5	-4,274	-2,312	-11,157	-6,259
Impairment of goodwill	5	0	0	0	-1,671
Other expenses		-58	-2	-156	-119
<b>Total expenses</b>		<b>-35,497</b>	<b>-18,859</b>	<b>-89,078</b>	<b>-53,793</b>
<b>Operating profit</b>		<b>6,501</b>	<b>9,026</b>	<b>19,030</b>	<b>20,398</b>
<b>Financial income and expenses</b>					
Interest income		310	83	1,549	213
Interest expense		-17	-189	-18	-572
Foreign exchange gains and losses		-596	43	-784	-113
<b>Net financial items</b>		<b>-303</b>	<b>-62</b>	<b>747</b>	<b>-472</b>
<b>Profit from operations</b>		<b>6,198</b>	<b>8,964</b>	<b>19,777</b>	<b>19,926</b>
Income tax expense		-175	-188	-1,673	-1,452
<b>NET PROFIT FOR THE PERIOD</b>		<b>6,023</b>	<b>8,776</b>	<b>18,104</b>	<b>18,474</b>
Attributable to minority interest		89	280	489	693
Attributable to equity holders of the parent		5,934	8,496	17,615	17,780
Basic earnings per share (euros)	7	0.04	0.07	0.12	0.15
Diluted earnings per share (euros)	7	0.04	0.07	0.12	0.15

## Consolidated interim statement of cash flows

In thousands of Estonian kroons	Note	9 months 2007	9 months 2006
<b>Cash flows from operating activities</b>			
Net profit for the period		283,273	319,152
Adjustments for			
Depreciation and amortisation	4; 5	174,566	97,932
Impairment losses on goodwill		0	26,141
Change in fair value of investment property		0	-1,185
Losses on disposal of property, plant and equipment and intangibles		49	0
Net other financial income and expenses		-11,691	0
Change in receivables and prepayments		97,701	-12,740
Change in inventories		-14,744	726
Change in payables and advances received		-113,667	24,127
Interest paid		-280	-8,949
Corporate income tax paid		-18,000	-14,773
<b>Net cash from operating activities</b>		<b>397,206</b>	<b>430,431</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangibles		-426,783	-301,711
Proceeds from sale of property, plant and equipment		578	0
Acquisition of investment property		0	-25,079
Proceeds from sale of other investments		0	13,960
Acquisition of subsidiaries, net of cash acquired		-522,188	0
Loans given		-77,685	-25
Repayment of loans given		2	277
Interest received		22,883	2,775
<b>Net cash used in investing activities</b>		<b>-1,003,193</b>	<b>-309,803</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	7	2,000	0
Proceeds from loans received		0	226,876
Repayment of loans received		0	-227,786
Payment of finance lease principal	6	-1,513	-214
Dividends paid		-150,800	-20,000
<b>Net cash used in financing activities</b>		<b>-150,313</b>	<b>-21,125</b>
<b>NET CASH FLOWS</b>		<b>-756,300</b>	<b>99,502</b>
<b>Decrease / increase in cash and cash equivalents</b>		<b>-756,300</b>	<b>99,502</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>1,234,658</b>	<b>184,564</b>
Effect of exchange rate fluctuations		-2,105	277
<b>Cash and cash equivalents at end of period</b>		<b>476,253</b>	<b>284,343</b>

## Consolidated interim statement of cash flows (continued)

In thousands of euros	Note	9 months 2007	9 months 2006
<b>Cash flows from operating activities</b>			
Net profit for the period		18,104	20,398
Adjustments for			
Depreciation and amortisation	4; 5	11,157	6,259
Impairment losses on goodwill		0	1,671
Change in fair value of investment property		0	-76
Losses on disposal of property, plant and equipment and intangibles		3	0
Net other financial income and expenses		-747	0
Change in receivables and prepayments		6,244	-814
Change in inventories		-942	46
Change in payables and advances received		-7,265	1,541
Interest paid		-18	-572
Corporate income tax paid		-1,150	-944
<b>Net cash from operating activities</b>		<b>25,386</b>	<b>27,509</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangibles		-27,276	-19,283
Proceeds from sale of property, plant and equipment		37	0
Acquisition of investment property		0	-1,602
Proceeds from sale of other investments		0	892
Acquisition of subsidiaries, net of cash acquired		-33,374	0
Loans given		-4,965	-2
Repayment of loans given		0	18
Interest received		1,462	177
<b>Net cash used in investing activities</b>		<b>-64,116</b>	<b>-19,800</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	7	128	0
Proceeds from loans received		0	14,500
Repayment of loans received		0	-14,558
Payment of finance lease principal	6	-97	-14
Dividends paid		-9,638	-1,278
<b>Net cash used in financing activities</b>		<b>-9,607</b>	<b>-1,350</b>
<b>NET CASH FLOWS</b>		<b>-48,336</b>	<b>6,359</b>
<b>Decrease / increase in cash and cash</b>		<b>-48,336</b>	<b>6,359</b>
<b>Cash and cash equivalents at beginning of</b>		<b>78,909</b>	<b>11,796</b>
Effect of exchange rate fluctuations		-135	18
<b>Cash and cash equivalents at end of period</b>		<b>30,438</b>	<b>18,173</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 reserve	Retained earnings	Total	Minority interest	Total
<b>At 31 December 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>
Net profit for the period	0	0	0	0	278,199	278,199	10,850	289,049
Effect of changes in exchange rates	0	0	0	-5,194	0	-5,194	0	-5,194
<b>Total recognised income and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,194</b>	<b>278,199</b>	<b>273,005</b>	<b>10,850</b>	<b>283,855</b>
Bonus issue	599,960	0	0	0	-599,960	0	0	0
Dividend distribution	0	0	0	0	-20,000	-20,000	0	-20,000
<b>At 30 September 2006</b>	<b>600,000</b>	<b>25,598</b>	<b>4</b>	<b>-3,120</b>	<b>204,708</b>	<b>827,189</b>	<b>32,505</b>	<b>879,694</b>

<b>At 31 December 2006</b>		<b>754,000</b>	<b>968,800</b>	<b>4</b>	<b>-2,217</b>	<b>315,308</b>	<b>2,035,896</b>	<b>37,118</b>	<b>2,073,013</b>
Net profit for the period		0	0	0	0	275,623	275,623	7,650	283,273
Effect of changes in exchange rates		0	0	0	-8,835	0	-8,835	0	-8,835
<b>Total recognised income and expense</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-8,835</b>	<b>275,623</b>	<b>266,788</b>	<b>7,650</b>	<b>274,438</b>
Bonus issue	7	754,000	-754,000	0	0	0	0	0	0
Transfer to capital reserve		0	0	19,440	0	-19,440	0	0	0
Dividend distribution	7	0	0	0	0	-150,800	-150,800	0	-150,800
Issue of share capital	7	2,000	12,473	0	0	0	14,473	0	14,473
Acquired through business combinations		0	0	0	0	0	0	9,535	9,535
<b>At 30 September 2007</b>		<b>1,510,000</b>	<b>227,273</b>	<b>19,444</b>	<b>-11,052</b>	<b>420,691</b>	<b>2,166,356</b>	<b>54,303</b>	<b>2,220,659</b>

## Consolidated interim statement of changes in equity (continued)

In thousands of euros

Note	Equity attributable to equity holders of the parent					Total	Minority interest	Total
	Share capital	Share premium	Statutory capital reserve	Translation reserve	Retained earnings			
<b>At 31 December 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>
Net profit for the period	0	0	0	0	17,780	17,780	693	18,474
Effect of changes in exchange rates	0	0	0	-332	0	-332	0	-332
<b>Total recognised income and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-332</b>	<b>17,780</b>	<b>17,448</b>	<b>693</b>	<b>18,142</b>
Bonus issue	38,344	0	0	0	-38,344	0	0	0
Dividend distribution	0	0	0	0	-1,278	-1,278	0	-1,278
<b>At 30 September 2006</b>	<b>38,347</b>	<b>1,636</b>	<b>0</b>	<b>-199</b>	<b>13,083</b>	<b>52,867</b>	<b>2,077</b>	<b>56,223</b>
<b>At 31 December 2006</b>	<b>48,189</b>	<b>61,918</b>	<b>0</b>	<b>-142</b>	<b>20,152</b>	<b>130,117</b>	<b>2,372</b>	<b>132,490</b>
Net profit for the period	0	0	0	0	17,616	17,616	489	18,104
Effect of changes in exchange rates	0	0	0	-565	0	-565	0	-565
<b>Total recognised income and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-565</b>	<b>17,616</b>	<b>17,051</b>	<b>489</b>	<b>17,540</b>
Bonus issue 7	48,189	-48,189	0	0	0	0	0	0
Transfer to capital reserve	0	0	1,242	0	-1,242	0	0	0
Dividend distribution 7	0	0	0	0	-9,638	-9,638	0	-9,638
Issue of share capital 7	128	797	0	0	0	925	0	925
Acquired through business combinations	0	0	0	0	0	0	609	609
<b>At 30 September 2007</b>	<b>96,507</b>	<b>14,525</b>	<b>1,243</b>	<b>-706</b>	<b>26,887</b>	<b>138,455</b>	<b>3,471</b>	<b>141,926</b>

## Notes to the consolidated interim financial statements

### Note 1. Summary of 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 nine months ended 30 September 2007 comprise the Company and its subsidiaries (together referred to as the “Group”).

The complete 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 and at the company’s website at [www.olympic-casino.com](http://www.olympic-casino.com).

#### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard 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.

The management board approved these condensed consolidated interim financial statements for issue on 28 September 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 Company’s functional and presentation currency is the Estonian kroon. In these financial statements and notes to the financial statements, all figures are presented both in thousands of Estonian kroons and in thousands of euro, rounded to the nearest thousand. The data has been translated from Estonian kroons to euro using the Eesti Pank (Bank of Estonia) exchange rate of 15.6466 Estonian kroons to 1 euro.

#### 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 which applied to the consolidated financial statements as at and for the year ended 31 December 2006.

## Note 2. Cash and cash equivalents

In thousands of Estonian kroons	30 September 2007	31 December 2006
Cash in hand and at gaming halls	72,028	46,174
Call deposits	115,052	336,803
Term deposits	271,114	730,494
Cash in transit	18,060	14,338
Fund units	0	106,849
<b>Total</b>	<b>476,253</b>	<b>1,234,658</b>

In thousands of euros	30 September 2007	31 December 2006
Cash in hand and at gaming halls	4,603	2,951
Call deposits	7,353	21,526
Term deposits	17,327	46,687
Cash in transit	1,154	916
Fund units	0	6,829
<b>Total</b>	<b>30,438</b>	<b>78,909</b>

At 30 September 2007, term deposits included non-cancellable deposits of 36,862,000 kroons (2,356,000 euros), the figure comprising guarantee deposits for rented premises of 12,754,000 kroons (815,000 euros), an escrow deposit for the acquisition of Eldorado companies of 13,108,000 kroons (838,000 euros) and other guarantees of 11,000,000 kroons (703,000 euros).

## Note 3. Long-term receivables

In thousands of Estonian kroons	30 September 2007	31 December 2006
Long-term loans	0	10,953
Long-term lease advances	10,362	4,218
Prepayments for shares in Casino Polonia	0	27,383
<b>Total</b>	<b>10,362</b>	<b>42,554</b>

In thousands of euros	30 September 2007	31 December 2006
Long-term loans	0	700
Long-term lease advances	662	270
Prepayments for shares in Casino Polonia	0	1,750
<b>Total</b>	<b>662</b>	<b>2,720</b>

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

In thousands of Estonian kroons	Investment property	Property, plant and equipment	Total
<b>At 31 December 2006</b>	<b>31,819</b>	<b>770,471</b>	<b>802,290</b>
Additions	0	438,472	438,472
Acquisitions through business combinations	0	152,547	152,547
Disposals	0	-3,590	-3,590
Depreciation for the period	0	-169,270	-169,270
Accumulated depreciation on disposals	0	2,910	2,910
Effect of movements in exchange rates	0	-14,350	-14,350
<b>At 30 September 2007</b>	<b>31,819</b>	<b>1,177,190</b>	<b>1,209,009</b>

In thousands of euros	Investment property	Property, plant and equipment	Total
<b>At 31 December 2006</b>	<b>2,034</b>	<b>49,242</b>	<b>51,276</b>
Additions	0	28,023	28,023
Acquisitions through business combinations	0	9,750	9,750
Disposals	0	-229	-229
Depreciation for the period	0	-10,818	-10,818
Accumulated depreciation on disposals	0	186	186
Effect of movements in exchange rates	0	-917	-917
<b>At 30 September 2007</b>	<b>2,034</b>	<b>75,236</b>	<b>77,270</b>

**Note 5. Intangible assets**

In thousands of Estonian kroons	Goodwill	Other intangible assets	Total
<b>At 31 December 2006</b>	<b>124,486</b>	<b>17,720</b>	<b>142,206</b>
Additions	0	3,317	3,317
Acquisitions through business combinations	511,942	29,685	541,627
Disposals	-347	-482	-829
Amortisation for the period	0	-5,296	-5,296
Accumulated amortisation on disposals	0	40	40
Effect of movements in exchange rates	0	-199	-199
<b>At 30 September 2007</b>	<b>636,081</b>	<b>44,785</b>	<b>680,866</b>

In thousands of euros	Goodwill	Other intangible assets	Total
<b>At 31 December 2006</b>	<b>7,956</b>	<b>1,133</b>	<b>9,089</b>
Additions	0	212	212
Acquisitions through business combinations	32,719	1,897	34,616
Disposals	-22	-31	-53
Amortisation for the period	0	-338	-338
Accumulated amortisation on disposals	0	3	3
Effect of movements in exchange rates	0	-13	-13
<b>At 30 September 2007</b>	<b>40,653</b>	<b>2,862</b>	<b>43,515</b>

In the first nine months of 2007, goodwill decreased by 347,000 kroons (22,000 euros) in connection with the determination of the final purchase price of BG companies and increased by 511,942,000 kroons (32,719,000 euros) on account of goodwill acquired through business combinations. In the first nine months of 2006, the Group wrote off goodwill of 26,141,000 kroons (1,671,000 euros) because of the commencement of the liquidation of Nordic Gaming AS and Vikings Services OÜ.

## Note 6. Finance lease liabilities

In thousands of Estonian kroons	30 September 2007	31 December 2006
Finance lease liabilities at beginning of period	193	596
Acquisitions through business combinations	25,213	0
Principal payments made	-1,513	-403
Addition to finance lease liabilities	0	0
Finance lease liabilities at end of period	23,893	193
Current portion	4,909	174
Non-current portion (payable in up to 4 years)	18,984	19

In thousands of euros	30 September 2007	31 December 2006
Finance lease liabilities at beginning of period	12	38
Acquisitions through business combinations	1,612	0
Principal payments made	-97	-26
Addition to finance lease liabilities	0	0
Finance lease liabilities at end of period	1,527	12
Current portion	314	11
Non-current portion (payable in up to 4 years)	1,213	1

The Latvian subsidiary has acquired gaming equipment with finance lease. The lease term is 4 years, the annual interest rate is 5.94% and the base currency is euro.

## Note 7. Equity

On 25 April 2007, an ordinary general meeting of the Company's shareholders decided to arrange a bonus issue and to increase the Company's share capital by 754,000,000 kroons (48,189,000 euros) using equity (i.e. without making any additional contributions). The meeting decided that share capital would be increased using share premium based on the consolidated financial statements for the year ended 31 December 2006.

On 30 May 2007 the supervisory board of Olympic Entertainment Group AS, exercising the powers arising from the Articles of Association, adopted a resolution to increase the Company's share capital. In accordance with the resolution, share capital was to be increased by 2,000,000 kroons (128,000 euros). Based on a decision of the general meeting, the shareholders of the Company were not to have any pre-emptive rights to the 200,000 ordinary shares which were issued to satisfy the terms of the share purchase agreement concluded with AS KC Grupp on 1 March 2007.

After the above transactions, the share capital of Olympic Entertainment Group AS amounts to 1,510,000,000 kroons (96,507,000 euros).

On 25 April 2007, the shareholders' general meeting decided to distribute dividends of 2 kroons (0.13 euros) per share, i.e. 150,800,000 kroons (9,638,000 euros) in aggregate. The dividends were paid out in May 2007.

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.

Basic earnings per share for the third quarter and first nine months of 2006 have been found by dividing the profit for the period by 120,000,000 shares. Basic earnings for the third quarter and first nine months of 2007 have been calculated by dividing the profit for the period by the weighted average number of shares. In calculating the weighted average number of shares, the number of shares for the period January - May was 150,800,000 and the number of shares for June - September was 151,000,000.

In accordance with IAS 33, in calculating diluted earnings per share the Group has not taken into account the option agreements concluded with members of the management board of Olympic Entertainment Group AS and the Group's key persons. The exact number of the shares that may be subscribed by a member of the management board or a key person will depend on the attainment of the Group's financial targets and the individual performance of the member of the management board or the key person.

**Olympic Entertainment Group AS**  
**Unaudited consolidated interim financial statements 9 months and 3<sup>rd</sup> quarter of 2007**

	<b>Q3 2007</b>	<b>Q3 2006</b>	<b>9 months 2007</b>	<b>9 months 2006</b>
Profit for the period (in thousands of Estonian kroons)	92,846	132,929	275,623	278,199
Weighted average number of shares outstanding (in thousands)	151,000	120,000	150,833	120,000
<b>Basic earnings per share (in kroons)</b>	<b>0.61</b>	<b>1.11</b>	<b>1.83</b>	<b>2.32</b>
<b>Diluted earnings per share (in kroons)</b>	<b>0.61</b>	<b>1.11</b>	<b>1.83</b>	<b>2.32</b>

  

	<b>Q3 2007</b>	<b>Q3 2006</b>	<b>9 months 2007</b>	<b>9 months 2006</b>
Profit for the period (in thousands of euros)	5,934	8,496	17,615	17,780
Weighted average number of shares outstanding (in thousands)	151,000	120,000	150,833	120,000
<b>Basic earnings per share (in euro)</b>	<b>0.04</b>	<b>0.07</b>	<b>0.12</b>	<b>0.15</b>
<b>Diluted earnings per share (in euro)</b>	<b>0.04</b>	<b>0.07</b>	<b>0.12</b>	<b>0.15</b>

## **Note 8. 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  
Unaudited consolidated interim financial statements 9 months and 3<sup>rd</sup> quarter of 2007

## Geographical segments

In thousands of Estonian kroons	Estonia		Latvia		Lithuania		Ukraine		Belarus		Poland		Romania		Slovakia		Eliminations		Consolidated	
	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006
Sales revenue from external customers	220,873	177,046	180,853	134,127	112,132	98,227	38,301	23,886	2,880	405	90,339	0	8,755	0	0	0	0	0	654,131	433,691
Other external income	944	600	854	1,292	207	566	0	157	492	0	506	0	0	0	0	0	0	0	3,003	2,614
Inter-segment sales revenue and other income	3,608	17,317	1,885	2,812	32	4,353	0	0	0	0	0	0	0	0	0	0	-5,525	-24,483	0	0
<b>Total revenue</b>	<b>225,424</b>	<b>194,963</b>	<b>183,593</b>	<b>138,231</b>	<b>112,371</b>	<b>103,146</b>	<b>38,301</b>	<b>24,043</b>	<b>3,372</b>	<b>405</b>	<b>90,845</b>	<b>0</b>	<b>8,755</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,525</b>	<b>-24,483</b>	<b>657,134</b>	<b>436,305</b>
External expenses	-163,427	-98,101	-149,874	-104,952	-83,978	-70,039	-34,410	-18,991	-9,113	-2,999	-99,305	0	-15,303	0	0	0	0	0	-555,411	-295,083
Inter-segment expenses	-2	-18,763	-1,049	-2,620	-815	-4,457	-507	-100	-193	-372	-792	0	-2,168	0	0	0	5,525	26,312	0	0
<b>Total expenses</b>	<b>-163,429</b>	<b>-116,864</b>	<b>-150,923</b>	<b>-107,573</b>	<b>-84,794</b>	<b>-74,496</b>	<b>-34,917</b>	<b>-19,091</b>	<b>-9,306</b>	<b>-3,371</b>	<b>-100,097</b>	<b>0</b>	<b>-17,471</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,525</b>	<b>26,312</b>	<b>-555,411</b>	<b>-295,083</b>
<b>Operating profit</b>	<b>61,996</b>	<b>78,099</b>	<b>32,670</b>	<b>30,658</b>	<b>27,577</b>	<b>28,650</b>	<b>3,384</b>	<b>4,952</b>	<b>-5,934</b>	<b>-2,966</b>	<b>-9,252</b>	<b>0</b>	<b>-8,717</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,830</b>	<b>101,723</b>	<b>141,223</b>
Net financial items																			-4,748	-973
Income tax expense																			-2,736	-2,941
<b>Net profit for the period</b>																			<b>94,239</b>	<b>137,309</b>



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## Geographical segments

	Estonia		Latvia		Lithuania		Ukraine		Belarus		Poland		Romania		Slovakia		Eliminations		Consolidated	
	For the first nine months of the year																			
In thousands of Estonian kroons	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales revenue from external customers	622,024	465,138	496,019	350,001	312,144	277,300	107,439	61,825	6,448	405	130,939	0	9,979	0	0	0	0	0	1,684,993	1,154,668
Other external income	2,780	2,877	2,085	1,838	528	1,254	12	190	492	0	627	0	0	0	0	0	0	0	6,525	6,159
Inter-segment sales revenue and other income	9,688	26,194	2,014	2,812	201	4,453	0	0	0	0	0	0	0	0	0	0	-11,903	-33,459	0	0
Total revenue	634,491	494,209	500,119	354,651	312,874	283,007	107,451	62,015	6,940	405	131,566	0	9,979	0	0	0	-11,903	-33,459	1,691,517	1,160,827
External expenses	-466,190	-310,771	-416,546	-273,402	-231,817	-203,653	-92,519	-49,541	-21,976	-4,307	-143,724	0	-20,986	0	0	0	0	0	-1,393,765	-841,675
Inter-segment expenses	-101	-25,427	-2,757	-4,689	-2,408	-6,251	-1,448	-831	-484	-374	-2,341	0	-2,357	0	0	0	11,896	37,571	0	0
Total expenses	-466,291	-336,198	-419,303	-278,091	-234,225	-209,904	-93,966	-50,371	-22,460	-4,681	-146,065	0	-23,343	0	0	0	11,896	37,571	-1,393,765	-841,675
Operating profit	168,200	158,011	80,816	76,559	78,649	73,102	13,485	11,643	-15,520	-4,276	-14,498	0	-13,365	0	0	0	-7	4,112	297,752	319,152
Net financial items																			11,691	-7,383
Income tax expense																			-26,169	-22,720
Net profit for the period																			283,273	289,049

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**Geographical segments**

In thousands of euros	Estonia		Latvia		Lithuania		Ukraine		Belarus		Poland		Romania		Slovakia		Eliminations		Consolidated	
	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales revenue from external customers	14,116	11,315	11,559	8,572	7,167	6,278	2,448	1,527	184	26	5,774	0	560	0	0	0	0	0	41,807	27,718
Other external income	60	38	55	83	13	36	0	10	31	0	32	0	0	0	0	0	0	0	192	167
Inter-segment sales revenue and other income	231	1,107	120	180	2	278	0	0	0	0	0	0	0	0	0	0	-353	-1,565	0	0
<b>Total revenue</b>	<b>14,407</b>	<b>12,460</b>	<b>11,734</b>	<b>8,835</b>	<b>7,182</b>	<b>6,592</b>	<b>2,448</b>	<b>1,537</b>	<b>215</b>	<b>26</b>	<b>5,806</b>	<b>0</b>	<b>560</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-353</b>	<b>-1,565</b>	<b>41,998</b>	<b>27,885</b>
External expenses	-10,445	-6,270	-9,579	-6,708	-5,367	-4,476	-2,199	-1,214	-582	-192	-6,347	0	-978	0	0	0	0	0	-35,497	-18,859
Inter-segment expenses	0	-1,199	-67	-167	-52	-285	-32	-6	-12	-24	-51	0	-139	0	0	0	353	1,682	0	0
<b>Total expenses</b>	<b>-10,445</b>	<b>-7,469</b>	<b>-9,646</b>	<b>-6,875</b>	<b>-5,419</b>	<b>-4,761</b>	<b>-2,232</b>	<b>-1,220</b>	<b>-595</b>	<b>-215</b>	<b>-6,397</b>	<b>0</b>	<b>-1,117</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>353</b>	<b>1,682</b>	<b>-35,497</b>	<b>-18,859</b>
<b>Operating profit</b>	<b>3,962</b>	<b>4,991</b>	<b>2,088</b>	<b>1,959</b>	<b>1,762</b>	<b>1,831</b>	<b>216</b>	<b>316</b>	<b>-379</b>	<b>-190</b>	<b>-591</b>	<b>0</b>	<b>-557</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>117</b>	<b>6,501</b>	<b>9,026</b>
Net financial items																			-303	-62
Income tax expense																			-175	-188
<b>Net profit for the period</b>																			<b>6,023</b>	<b>8,776</b>

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**Geographical segments**

In thousands of euros	Estonia		Latvia		Lithuania		Ukraine		Belarus		Poland		Romania		Slovakia		Eliminations		Consolidated	
	For the first nine months of the year																			
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Sales revenue from external customers	39,755	29,728	31,701	22,369	19,950	17,723	6,867	3,951	412	26	8,368	0	638	0	0	0	0	0	107,691	73,797
Other external income	178	184	133	117	34	80	1	12	31	0	40	0	0	0	0	0	0	0	417	394
Inter-segment sales revenue and other income	619	1,674	129	180	13	285	0	0	0	0	0	0	0	0	0	0	0	-761	-2,138	0
Total revenue	40,551	31,586	31,963	22,666	19,996	18,087	6,867	3,963	444	26	8,409	0	638	0	0	0	-761	-2,138	108,108	74,190
External expenses	-29,795	-19,862	-26,622	-17,474	-14,816	-13,016	-5,913	-3,166	-1,404	-275	-9,186	0	-1,341	0	0	0	0	0	-89,078	-53,793
Inter-segment expenses	-6	-1,625	-176	-300	-154	-400	-93	-53	-31	-24	-150	0	-151	0	0	0	760	2,401	0	0
Total expenses	-29,801	-21,487	-26,798	-17,773	-14,970	-13,415	-6,006	-3,219	-1,435	-299	-9,335	0	-1,492	0	0	0	760	2,401	-89,078	-53,793
Operating profit	10,750	10,099	5,165	4,893	5,027	4,672	862	744	-992	-273	-927	0	-854	0	0	0	0	263	19,030	20,398
Net financial items																			747	-472
Income tax expense																			-1,673	-1,452
Net profit for the period																			18,104	18,474

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**Business segments**

In thousands of Estonian kroons

	Gaming services		Other services		Eliminations		Consolidated	
	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006
Sales revenue from external customers	616,058	401,177	38,073	35,129	0	0	654,131	436,305
Other external income	2,223	0	780	0	0	0	3,003	0
Inter-segment sales revenue and other income	2,732	0	17,904	24,483	-20,637	-24,483	0	0
<b>Total revenue</b>	<b>621,013</b>	<b>401,177</b>	<b>56,757</b>	<b>59,611</b>	<b>-20,637</b>	<b>-24,483</b>	<b>657,134</b>	<b>436,305</b>

In thousands of Estonian kroons

	Gaming services		Other services		Eliminations		Consolidated	
	For the first nine months of the year		For the first nine months of the year		For the first nine months of the year		For the first nine months of the year	
	2007	2006	2007	2006	2007	2006	2007	2006
Sales revenue from external customers	1,591,699	1,077,984	93,294	79,298	0	0	1,684,993	1,157,282
Other external income	4,079	609	2,445	2,935	0	0	6,524	3,544
Inter-segment sales revenue and other income	4,398	18,957	50,672	55,092	-55,070	-74,049	0	0
<b>Total revenue</b>	<b>1,600,176</b>	<b>1,097,550</b>	<b>146,411</b>	<b>137,325</b>	<b>-55,070</b>	<b>-74,049</b>	<b>1,691,517</b>	<b>1,160,827</b>

**Business segments**

In thousands of euros

	Gaming services		Other services		Eliminations		Consolidated	
	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006	Q3 2007	Q3 2006
Sales revenue from external customers	39,373	25,640	2,433	2,245	0	0	41,807	27,885
Other external income	142	0	50	0	0	0	192	0
Inter-segment sales revenue and other income	175	0	1,144	1,565	-1,319	-1,565	0	0
<b>Total revenue</b>	<b>39,690</b>	<b>25,640</b>	<b>3,627</b>	<b>3,810</b>	<b>-1,319</b>	<b>-1,565</b>	<b>41,999</b>	<b>27,885</b>

In thousands of euros

	Gaming services		Other services		Eliminations		Consolidated	
	For the first nine months of the year		For the first nine months of the year		For the first nine months of the year		For the first nine months of the year	
	2007	2006	2007	2006	2007	2006	2007	2006
Sales revenue from external customers	101,728	68,896	5,963	5,068	0	0	107,691	73,964
Other external income	261	39	156	188	0	0	417	227
Inter-segment sales revenue and other income	281	1,212	3,239	3,521	-3,520	-4,733	0	0
<b>Total revenue</b>	<b>102,270</b>	<b>70,146</b>	<b>9,357</b>	<b>8,777</b>	<b>-3,520</b>	<b>-4,733</b>	<b>108,108</b>	<b>74,190</b>

## Note 9. Subsidiaries

	Domicile	Ownership interest		Core activity	Shareholder
		30 September 2007	31 December 2006		
Olympic Casino Eesti AS	Estonia	95%	95%	Gaming services	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
Fortuna Travel OÜ	Estonia	100%	100%	Casino tourism	Olympic Casino Eesti
Kasiino.ee OÜ	Estonia	100%	100%	Internet solutions	OEG
Jokker-Pokker OÜ	Estonia	100%	0%	Bar services	Olympic Casino Eesti
Casinova OÜ	Estonia	100%	0%	Trademark holding	Olympic Casino Eesti
Kesklinna Hotelli OÜ	Estonia	97,5%	0%	Hotel services	OEG
Olympic Casino Latvia SIA	Latvia	36,5%	30,04%	Gaming services	OEG
Olympic Casino Latvia SIA	Latvia	63,5%	52,26%	Gaming services	Olympic Casino Group Baltic
Olympic Casino Latvia SIA	Latvia	0%	17,7%	Gaming services	Baltic Gaming
Baltic Gaming A/S	Latvia	0%	100%	Gaming services	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	Olympic Casino Latvia
Olympic Casino Group Baltic SIA	Latvia	100%	100%	Holding activities	OEG
Olympic Casino Group Baltija UAB	Lithuania	100%	100%	Gaming services	OEG
Mecom Grupp UAB	Lithuania	100%	100%	Bar services	OEG
Olympic Casino Bel IP	Belarus	100%	100%	Gaming services	OEG
Olympic Casino Ukraine TOV	Ukraine	100%	100%	Gaming services	OEG
Alea Private Company	Ukraine	100%	0%	Gaming services	Olympic Casino Ukraine
Eldorado Leisure Company	Ukraine	100%	0%	Gaming services	Olympic Casino Ukraine
Ukraine Leisure Company	Ukraine	100%	0%	Gaming services	Olympic Casino Ukraine
Silber Investments Sp. Z o.o.	Poland	100%	100%	Holding activities	OEG
Baina Investments Sp. Z o.o.	Poland	100%	100%	Holding activities	OEG
Casino-Polonia Wroclaw Sp.Z.o.o.	Poland	33,33%	0%	Gaming services	OEG
Casino-Polonia Wroclaw Sp.Z.o.o.	Poland	33,33%	0%	Gaming services	Silber Investments
Casino-Polonia Wroclaw Sp.Z.o.o.	Poland	13,33%	0%	Gaming services	Baina Investments
Olympic Casino Bucharest S.r.l.	Romania	100%	0%	Gaming services	OEG
Muntenia Food Beverage S.r.l.	Romania	90%	0%	Bar services	OEG
Muntenia Food Beverage S.r.l.	Romania	10%	0%	Bar services	Olympic Casino Bucharest
Olympic Entertainment Slovakia	Slovakia	100%	0%	Gaming services	OEG

## Acquisition of subsidiaries

On 9 April, OEG completed the purchase of Kristiine Kasiino AS (including Jokker Pokker OÜ) (KK) and Casinova OÜ (Casinova). The final cost of KK and Casinova including working capital (incl. cash and bank balances) amounted to 300,381,000 kroons (19,198,000 euros). OEG paid 285,908,000 kroons (18,273,000 euros) of this in cash and the remaining 14,473,000 kroons (925,000 euros) was settled with 200,000 freely transferable ordinary shares in OEG which were listed on Tallinn Stock Exchange. The value of a share was 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 euros translated to Estonian kroons at the exchange rate of 15.6466 kroons to 1 euro.

The effect of the acquisition of KK and Casinova on the Group's assets and liabilities was the following:

	Pre-acquisition carrying amount In thousands of Estonian kroons	Fair value	Pre-acquisition carrying amount In thousands of euros	Fair value
Cash and bank balances	49,458	49,458	3,161	3,161
Receivables and prepayments	2,307	2,307	147	147
Inventories	1,000	1,000	64	64
Non-current financial investments	441	441	28	28
Property, plant and equipment	38,013	38,013	2,429	2,429
Intangible assets	0	21,514	0	1,375
Liabilities	12,402	12,402	793	2,168
<b>Net assets</b>	<b>78,817</b>	<b>100,331</b>	<b>5,037</b>	<b>6,412</b>
Ownership interest acquired		95%		95%
Net assets acquired		95,315		6,091
Goodwill on acquisition		205,066		13,106
<b>Purchase price</b>		<b>300,381</b>		<b>19,198</b>
Cash and bank balances acquired		49,458		3,161
Consideration paid, satisfied in cash		-287,908		-18,401
<b>Net cash outflow</b>		<b>-238,450</b>		<b>-15,240</b>
Settled with shares in OEG		-12,473		-797

On 12 April, Olympic Casino Bucharest S.r.l. signed an agreement on the acquisition of the assets of the Romanian casino operator Empire International Game World. Under the agreement, Olympic Casino Bucharest S.r.l. acquired three casinos in the Romanian capital Bucharest. The contractual purchase price was 3,850,000 euros (60,239,000 kroons) payable in Romanian leu. Consequently, the final purchase will be affected by the Romanian leu - euro exchange rate.

The effect of the acquisition of the assets of Empire International Game World on the Group's assets and liabilities was the following:

	Pre-acquisition carrying amount In thousands of Estonian kroons	Fair value	Pre-acquisition carrying amount In thousands of euros	Fair value
Property, plant and equipment	4,560	4,560	291	291
<b>Net assets</b>	<b>4,560</b>	<b>4,560</b>	<b>291</b>	<b>291</b>
Ownership interest acquired		100%		100%
Net assets acquired		4,560		291
Goodwill on acquisition		57,778		3,693
<b>Purchase price</b>		<b>62,338</b>		<b>3,984</b>
Consideration paid, satisfied in cash		-54,515		-3,484
<b>Net cash outflow</b>		<b>-54,515</b>		<b>-3,484</b>
Payable		-7,823		-500

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On 27 April, OEG completed the acquisition of 80% of the shares in Casino Polonia Wroclaw Sp. Z.o.o. The share capital of Casino Polonia amounts to 4,928,000 Polish zloty (20,356,000 kroons or 1,301,000 euros). Together with associated transaction costs, the 80% stake cost 141,848,000 kroons (9,066,000 euros).

The effect of the acquisition of Casino Polonia on the Group's assets and liabilities was the following:

	Pre-acquisition carrying amount	Fair value	Pre-acquisition carrying amount	Fair value
	In thousands of Estonian kroons		In thousands of euros	
Cash and bank balances	14,819	14,819	947	947
Receivables and prepayments	21,745	21,745	1,373	1,373
Inventories	452	452	29	29
Non-current financial investments	752	752	48	48
Property, plant and equipment	98,275	98,275	6,281	6,281
Intangible assets	273	273	17	17
Liabilities	113,457	113,457	7,251	7,251
<b>Net assets</b>	<b>22,859</b>	<b>22,859</b>	<b>1,444</b>	<b>1,444</b>
Ownership interest acquired		80%		80%
Net assets acquired		18,071		1,155
Goodwill on acquisition		123,777		7,911
<b>Purchase price</b>		<b>141,848</b>		<b>9,066</b>
Cash and bank balances acquired		14,819		947
Consideration paid, satisfied in cash		-141,848		-9,066
<b>Net cash outflow</b>		<b>-127,029</b>		<b>-8,119</b>
Including paid in the preceding financial year		-27,385		-1,750

On 5 July 2007, OEG concluded an agreement for the acquisition of a 97.5% stake in Kesklinna Hotelli OÜ. Kesklinna Hotelli OÜ was established in 2007 and has not performed any operations to date. Net assets acquired totalled 39,000 kroons (2,500 euros) and net cash outflow amounted to 10,000 kroons (600 euros). The interest was acquired to support a new field of activity – development of casino hotels and casino complexes.

On 5 July 2007, OEG's Ukrainian subsidiary Olympic Casino Ukraine TOV concluded a preliminary agreement for the acquisition of the best-known Ukrainian casino operator Eldorado. The transaction was completed on 17 September 2007 and cost 145,479,000 kroons (9,298,000 euros). Through the transaction, Olympic Casino Ukraine TOV acquired three subsidiaries: Alea Private Company, Eldorado Leisure Company and Ukraine Leisure Company.

The effect of the acquisition of the Ukrainian subsidiaries on the Group's assets and liabilities was the following:

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	Pre-acquisition carrying amount	Fair value	Pre-acquisition carrying amount	Fair value
	In thousands of Estonian kroons		In thousands of euros	
Cash and bank balances	2,802	2,802	179	179
Receivables and prepayments	9,968	9,968	637	637
Inventories	509	509	33	33
Non-current financial investments	99	99	6	6
Property, plant and equipment	12	12	1	1
Intangible assets	7,898	7,898	505	505
Liabilities	12,807	12,807	819	819
<b>Net assets</b>	<b>8,481</b>	<b>8,481</b>	<b>542</b>	<b>542</b>
Ownership interest acquired		100%		100%
Net assets acquired		8,481		542
Goodwill on acquisition		125,311		8,009
<b>Purchase price</b>		<b>133,792</b>		<b>8,551</b>
Cash and bank balances acquired		2,802		179
Consideration paid, satisfied in cash		-145,479		-9,298
<b>Net cash outflow</b>		<b>-142,677</b>		<b>-9,119</b>
Payable		-13,108		-838

The effect of the business combinations on the Group's results of operation was the following:

	<b>9 months 2007</b>	
	In thousands of Estonian kroons	In thousands of euros
Acquired subsidiaries' profit / loss for the period in the consolidated financial statements	-23,212	-1,484
Profit / loss which would have been included in the consolidated financial statements if the subsidiaries had been acquired at the beginning of the reporting period	-29,866	-1,909
Sales revenue which would have been included in the consolidated financial statements if the subsidiaries had been acquired at the beginning of the reporting period	304,237	19,444

### Establishment of subsidiaries

During the reporting period OEG established the following subsidiaries: in March Olympic Casino Bucharest S.r.l. in Romania, in April Olympic Entertainment Slovakia S.k.k. in Slovakia and in August Muntenia Food & Beverage S.r.l. in Romania.

### Transformation of subsidiaries

On 18 April, OEG transferred the interest acquired in KK to another group company, Olympic Casino Eesti AS (OCE). As a result of the transaction, the Group's interest in KK's net assets declined to 95%. On 20 April 2007, OCE and KK concluded a merger agreement under which KK was to merge with OCE. The balance sheet date of the merger was 1 May 2007. As a result of the merger, KK was dissolved without liquidation proceedings and all its property including rights and obligations was transferred to OCE. The objective of the merger was to streamline the administration of the entities, to minimise their costs and to improve their operating efficiency. The merger was entered in the Commercial Register on 18 July 2007.

In the second quarter, the subsidiaries Olympic Casino Latvia SIA and Baltic Gaming AS merged. The balance sheet date of the merger was 1 May and the merger was entered in the Company Register on 5 July.

In September, OEG's wholly-owned subsidiaries Olympic Casino Latvia SIA and Olympic Casino Group Baltic SIA concluded a merger agreement. The acquirer will be Olympic Casino Latvia SIA. According to plan, the merger will be completed in January 2008.



## Note 10. Transactions with related parties

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

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

On 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 transactions with related parties in the following volumes and at the end of the reporting period balances with related parties were the following:

Related party	Transaction	For the first 9 months			
		2007	2006	2007	2006
		In thousands of Estonian kroons		In thousands of euros	
Parent company	Lease of business premises	831	581	53	37
Company related to the management board	Consulting services	0	376	0	24
<b>Total</b>		<b>831</b>	<b>957</b>	<b>53</b>	<b>61</b>

Related party	Transaction	At 30 September			
		2007	2006	2007	2006
		In thousands of Estonian kroons		In thousands of euros	
Parent company	Lease of business premises	0	92	0	6
<b>Total</b>		<b>0</b>	<b>92</b>	<b>0</b>	<b>6</b>

In the first nine months of 2007, the remuneration of management and supervisory board members totalled 5,348,000 kroons (342,000 euros). The corresponding figure for the first nine months of 2006 was 1,306,000 kroons (83,000 euros).

## Note 11. Subsequent events

On 26 October, the Latvian subsidiary of Olympic Entertainment Group (OEG) signed a preliminary agreement on the acquisition of the third-largest Latvian casino operator Admirāļu Klubs. The preliminary cost of the transaction is 625.9 million kroons (40 million euros). The final price will be determined after the performance of financial due diligence.

After the balance sheet date, OEG established and registered a subsidiary in Romania. The name of the company is Olympic Exchange S.r.l. and its core activity is provision of currency exchange services to the clients of Olympic Casino Bucharest S.r.l. OEG's subsidiary Olympic Casino Latvia SIA sold a 25% stake in the associate Baltic Electronics SIA. Baltic Electronics SIA was acquired together with the other companies of Baltic Gaming AS at the end of 2005 and has not conducted any business operations.