Olympic Entertainment Group AS 26 October 2007

STOCK EXCHANGE RELEASE

Entering into preliminary contract for the acquisition of AS Admirāļu klubs

Today, Olympic Entertainment Group AS (hereinafter OEG) subsidiary company Olympic Casino Latvia SIA (hereinafter OCL) entered into a preliminary contract with Jānis Dāvis for the acquisition of 1,100,000 shares of AS Admirāļu klubs (hereinafter AK), with the nominal value of LVL 1 equaling approximately EEK 22,3 (EUR 1,43), which constitutes 100% of the share capital of AK, (hereinafter the Transaction).

Prior to entering into the preliminary contract for the acquisition of the shares of AK, the Supervisory Board of OEG has taken a resolution on 25 October 2007 on the approval of the Transaction between OEG and Jānis Dāvis and the conditions thereof.

The Transaction does not constitute a transaction between related parties within the meaning of the Stock Exchange Rules.

The acquisition of AK by OEG upon closing the Transaction qualifies as an acquisition of qualifying holding within the meaning of the Stock Exchange Rules. In compliance with the referred rules, the Management Board of OEG releases the following information about the Transaction.

I. Areas of activity and the description of the economic activities of the companies being acquired

AS Admirāļu klubs, registry code 40003249010, address Dzirnieku iela 16, Riga, is a public limited company, established on 13 March 1993. AK is a casino operator in Latvia, operating casinos under the trademark “Admirāļu klubs”. AK has 1 table casino and 59 slot halls, from which 40 halls are situated in Riga. In the financial year 2006, the turnover of AK amounted to EEK 300.5 million (EUR 19.2 million) and its net profit amounted to EEK 55.2 million (EUR 3.5 million).

II. Aim of the acquisition of holding and its impact on the operations of OEG

From OEG’s perspective, the aim of the Transaction is to enlarge its operations and secure its position in the Latvian gambling market.

Substantial growth in the OEG’s turnover and market shareis expected as a result of the Transaction. Today OEG operates more than 4 000 slots in Latvia, after closing of the transaction approximately 2200 slots will be accrued. The pro forma consolidated turnover of OEG and AK in the financial year 2006 would have amounted to EEK 1.96 billion (EUR 125.3 million), whereas the Latvian turnover would have amounted to EEK 808 million (EUR 51.6 million). In addition, the market share of the OEG Group in the Latvian gambling market will increase up to approximately 25% as a result of the Transaction. The net turnover of Latvian gaming market for 9 months of 2007 was LVL 142.5 million which equals EEK 3.2 billion (EUR 204.5 million).

III. Description of the Transaction

3.1 The Transaction in brief

Upon closing of the contract entered into between OCL and Jānis Dāvis, OCL will acquire 100% of the shares of AK. OCL will pay for the shares in cash. After closing of the Transaction, AK will be wholly owned by the OEG Group.

3.2 Price of the acquired holding and payment terms

The initially agreed maximum purchase price of the shares of AK is EEK 625.9 million (EUR 40.0 million).

The final purchase price will be calculated on the closing date in compliance with the following formula:

> Initial maximum purchase price - liabilities after due diligence performed by OEG + the amount of cash and bank account balances as at closing date + the remaining value of the licenses valid as at closing date + the security deposit amounts paid for the lease of the premises as at closing date

3.3 Conditions precedent for closing of the Transaction

The closing of the contract entered into by OCL and Jānis Dāvis will take place within six months at maximum after the fulfilment of the following conditions precedent:

(i) Latvian Competition Board gives permission to the Transaction;

(ii) No breach of the representations and warranties given by OCL and Jānis Dāvis in the contract or substantial negative financial influence to AK or to their operations have occurred by the time of closing of the Transaction.

IV Economic performance of AK

The economic features of AK have been translated from LVL to EEK using approximate exchange rate 1 LVL = 22,3 EEK. 1 EUR = 15.6466 EEK.

4.1 The audited basic economic features of KK for the three previous years

(EEK)	**2004**	**2005**	**2006**
Turnover	119,205,408	187,639,046	300,507,263
Net profit (- loss)	3,155,517	30,825,424	55,188,397
Dividend per share	-	-	-
Ratios (same for both basic and diluted earnings per share)	0.81	11.28	27.59

(EUR)	**2004**	**2005**	**2006**
Turnover	7,618,614	11,992,321	19,205,915
Net profit (- loss)	201,674	1,970,104	3,527,181
Dividend per share	-	-	-
Ratios (same for both basic and diluted earnings per share)	0.05	0.72	1.76

4.2 Audited Annual Accounts of KK for the two previous financial years

BALANCE SHEET	(EEK)		(EUR)	
ASSETS	**31.12.2006**	**31.12.2005**	**31.12.2006**	**31.12.2005**
Cash at hand and in bank accounts	14,594,324	39,682,025	932,747	2,536,144
Shares and other securities	12,651,102	0	808,553	0
Trade receivables	10,921,581	6,656,528	698,016	425,430
Other short-term receivables	3,563,540	1,019,065	227,752	65,130
Accrued income	1,979,794	0	126,532	0
Prepayments	10,779,419	5,558,275	688,930	355,239
Inventories	5,550,738	16,254,180	354,757	1,038,831
Total current assets	**60,040,498**	**69,170,073**	**3,837,287**	**4,420,773**
Tangible assets	268,120,683	130,774,225	17,136,035	8,357,996
Intangible assets	70,022	5,843	4,475	373
Total fixed assets	**268,190,705**	**130,780,067**	**17,140,510**	**8,358,370**
TOTAL ASSETS	**328,231,202**	**199,950,140**	**20,977,797**	**12,779,143**
LIABILITIES AND OWNERS' EQUITY				
Debts	5,051,574	151,439	322,854	9,679
Customer advances	1,209,552	6,939,292	77,304	443,502
Trade creditors	14,071,724	56,629,690	899,347	3,619,297
Taxes payable	7,088,992	2,923,887	453,069	186,870
Accruals	2,583,968	503,177	165,146	32,159
Other short-term liabilities	135,698,488	27,024,612	8,672,714	1,727,187
Total current liabilities	**165,704,298**	**94,172,097**	**10,590,435**	**6,018,694**
Long-term debts	45,100,524	31,345,058	2,882,449	2,003,314
Other long term liabilities	1,756,660	1,449,656	112,271	92,650
Defferred tax liabilities	12,889,690	6,172,662	823,801	394,505
Total long-term debts	**59,746,874**	**38,967,377**	**3,818,521**	**2,490,469**
Total liabilities	**225,451,171**	**133,139,474**	**14,408,956**	**8,509,163**
Share capital	44,600,000	63,819,032	2,850,460	4,078,780
Retained profit (loss)	2,991,634	(27,833,790)	191,200	(1,778,903)
Net profit (loss) for financial year	55,188,397	30,825,424	3,527,181	1,970,104
Total owners' equity	**102,780,031**	**66,810,666**	**6,568,841**	**4,269,980**
TOTAL LIABILITIES AND OWNERS' EQUITY	**328,231,202**	**199,950,140**	**20,977,797**	**12,779,143**

INCOME STATEMENT

	(EEK)		(EUR)	
	2006	**2005**	**2006**	**2005**
Net sales	300,507,263	187,639,046	19,205,915	11,992,321
Cost of goods sold	(242,581,675)	(140,951,053)	(15,503,795)	(9,008,414)
Gross profit	**57 925 588**	**46 687 994**	**3,702,120**	**2,983,907**
Distribution costs	(73,612)	0	(4,705)	0
Administrative and general expenses	(10,586,791)	(7,818,335)	(676,619)	(499,683)
Other operating income	17,369,269	235,644	(1,110,099)	(15,060)
Other operating expenses	(468,902)	(1,390,227)	(29,968)	(88,852)
Operating profit (-loss)	**64,165,552**	**37,715,076**	**4,100,926**	**2,410,433**
Financial income and expenses	(2, 253,883)	(716,990)	(144,409)	(45,824)
Profit (loss) before income tax	**61,911,668**	**36,998,086**	**3,956,877**	**2,364,609**
Income tax expense	(6,723,272)	(6,172,662)	(429,695)	(394,505)
Net profit (- loss) for financial year	**55,188,397**	**30,825,424**	**3,527,181**	**1,970,104**

CASH FLOW STATEMENT

	(EEK)		(EUR)	
	2006	**2005**	**2006**	**2005**
Profit before income tax	61,911,668	36,998,086	3,956,877	2,364,609
Adjustments:				
Depreciation of fixed assets	45,583,519	28,746,239	2,913,318	1,837,220
Loss from written-off fixed assets	662,221	2,921	42,324	187
Other adjustments	4,792,092	2,900,004	306,270	185,344
Change in receivables and prepayments connected with operating activities	(14,010,466)	(5,188,318)	(895,432)	(331,594)
Change in inventories	10,678,288	(11,928,315)	(682,467)	(762,358)
Change in liabilities and prepayments connected with operating activities	22,197,844	40,768,615	1,418,701	2,605,589
Interest paid	(2,793,187)	(611,622)	(178,517)	(39,090)
Gambling tax and property tax paid	(52,511,750)	(24,916,749)	(3,356,113)	(1,592,470)
Total cash flow from operating activities	**76,510,230**	**66,770,861**	**4,889,895**	**4,267,436**
Sales of fixed assets	1,973,951	1,528,420	126,158	97,864
Acquisition of fixed assets	(35,068,333)	(9,640,201)	(2,241,275)	(616,121)
Total cash flow from investing activities	**(33,094,382)**	**(8,111,781)**	**(2,115,117)**	**(518,437)**
Financial lease payments made	(108,824)	(288,897)	(6,955)	(18,464)
Repayment of bank loans	(68,226,337)	(26,746,152)	(4,360,458)	(1,709,392)
Total cash flow from financing activities	**(68,335,161)**	**(27,035,048)**	**(4,367,413)**	**(1,727,854)**
Total cash flow	**(24,919,313)**	**31,624,031**	**(1,592,634)**	**2,021,144**
Cash and cash equivalents, beginning of year	39,682,025	8,039,551	2,536,144	513,821
Effect of exchange rate fluctuations	(168,387)	18,442	(10,762)	1,179
Cash and cash equivalents, end of year	14,594,324	39,682,025	932,747	2,536,144

CHANGE IN EQUITY

STATEMENT

(EEK)	Share Capital	Retained Profit	Total
Balance as of 31.12.2004	**87,146,884**	**(27,833,790)**	**(59,313,094)**
Net profit for financial year	0	30,825,424	30,825,424
Share capital decreasing	(23,327,852)	0	(23,327,852)
Balance as of 31.12.2005	**63,819,032**	**2,991,634**	**66,810,666**
Net profit for financial year	0	55,188,397	55,188,397
Share capital decreasing	(19,219,032)	0	(19,219,032)
Balance as of 31.12.2006	**(44,600,000)**	**(58,180,031)**	**(102,780,031)**

(EUR)	Share Capital	Retained Profit	Total
Balance as of 31.12.2004	**5,569,701**	**(1,778,903)**	**3,790,798**
Net profit for financial year	0	1,970,104	1,970,104
Share capital decreasing	(1,490,921)	0	(1,490,921)
Balance as of 31.12.2005	**4,078,780**	**191,200**	**4,269,980**
Net profit for financial year	0	3,527,181	3,527,181
Share capital decreasing	(1,228,320)	0	(1,228,320)
Balance as of 31.12.2006	**2,850,460**	**3,718,382**	**6,568,841**

4.3 Overview of significant changes after the end of the last financial year

Since the end of 2006, there has been no significant changes in the business operation of AK.

V. List of shareholders of AK prior to the Transaction

Prior to the Transaction, AK’s shareholder Jānis Dāvis owns 1,100,000 shares of AK with nominal value of LVL 1 equaling approximately EEK 22,3 (EUR 1,43). The total share capital of AK 1,100,00 LVL which is approximately EEK 24,530,000 (EUR 1 567 753).

VI. Other information about AK

At the moment of submitting this release, AK has the loan commitment to Parex Banka AS. The loan balance is EEK 35,987,180 (EUR 2,300,000) with due date in 2021 and with annual interest rate 2,5% + 6 months LIBOR.

At the moment of submitting this release, there are not any valid contracts between OEG and KK.

At the moment of submitting this release, there is one administrative and two civil proceedings with respect to AK, which have no significant effect on the economic activities of AK.

The Management Board of AK has three members - Jānis Dāvis, Margarita Dāve and Leons Spružs. Laine Dāve, Iljana Rukmane and Elgars Ruskulis are the members of the Supervisory Board of AK.

VI. Approval and closing of Transaction

The closing of the Transaction primarily depends on the permission to be granted by the Competition Board. The Transaction will be closed within five business days after the relevant permission is granted.

Additional information:

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