

Olympic Entertainment Group AS

Consolidated unaudited interim financial report
for the 12 months and 4th quarter of 2007

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@oc.eu
Website	www.olympic-casino.com
Beginning of financial year	1 January 2007
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Managing director	Armin Karu
Auditor	KPMG Baltics AS

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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 7 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 31 December 2007, the Group had 122 casinos - 35 in Estonia, 38 in Latvia, 15 in Lithuania, 19 in Ukraine, 4 in Belarus, 8 in Poland and 3 in Romania - and employed 4,004 people in 7 countries.

Unaudited consolidated operating results for 2007

An overview of the Group's key events in 2007:

- In April, the subsidiary Olympic Casino Bucharest S.r.l signed an agreement by which it acquired the assets of the Romanian casino operator Empire International Game World, including three casinos in the Romanian capital Bucharest.
- In April, the Group completed the acquisition of Kristiine Kasiino AS and Casinova OÜ. In the second quarter, Kristiine Kasiino AS was combined with Olympic Casino Eesti AS. The transaction increased the Group's estimated share in the Estonian gaming market to 45%.
- In April, a subsidiary - Olympic Entertainment Slovakia S.r.o. was established in Slovakia. The activity licence required for operating casinos and penetrating the Slovakian gaming market was obtained at the beginning of February 2008.
- At the end of April, the Group signed the final agreement for the acquisition of an 80% stake in Casino Polonia-Wroclaw Sp. z.o.o. ("CP"). At the end of May, CP launched a spectacular new casino in the Hilton Hotel in Warsaw. Investments in the new casino totalled 110 million kroons (7 million euros). With its 1500 square metres, 100 slot machines and 20 game tables, the new Olympic Casino Sunrise is the largest casino in Poland.
- In May, the legal merger of Olympic Casino Latvia SIA and Baltic Gaming AS was completed.
- In July, the subsidiary Olympic Casino Ukraine TOV signed a preliminary agreement for the acquisition of the leading Ukrainian casino operator Eldorado. The final agreement by which the Group acquired three entities which operate five game halls in prime locations in and around the centre of Kiev (including three with game tables) was signed in September.
- In July, the Group acquired a 97.5% interest in Kesklinna Hotelli OÜ with a view to launching a new business line – the development of casino hotels and casino complexes.
- In August, the Group entered a new, category B gaming halls segment in Lithuania.
- Since 26 September, the shares of OEG have been traded at the Warsaw Stock Exchange. Membership in the fourth-largest stock exchange in Europe supports OEG's future ambitions and broadens its international reach.

Olympic Entertainment Group AS' unaudited consolidated operating results for 2007

Selected financial data, 12 months 2007:

Revenue:	2,517.5 million kroons (+50.9%)
Operating profit:	432.5 million kroons (-2.7%)
Operating margin*:	17.2% (2006: 26.6%)
Profit before tax:	425.5 million kroons (-4.3%)
Net profit:	381.7 million kroons (-5.6%)
Net margin**:	14.6% (2006: 23.3%)

Operating cash flows:	664.6 million kroons (2006: 627.9 million kroons)
Investing cash flows:	- 1 243.6 million kroons (2006: -426.4 million kroons)
Financing cash flows:	-151.1 million kroons (2006: 849.0 million kroons)

* Operating margin = operating profit / revenue

** Net margin = net profit / revenue

1 euro = 15.6466 kroons

The results of entities acquired in 2007 have been included in the consolidated accounts as follows:

- Kristiine Kasiino and Casinova OÜ April - December 2007;
- Casino Polonia Wrocław Sp. Z.o.o. May - December 2007;
- Olympic Casino Bucharest S.r.l June - December 2007;
- Eldorado companies October - December 2007.

Consolidated revenue for the fourth quarter of 2007 soared to 826.0 million kroons (52.8 million euros), a 62.6% improvement year-over-year.

Consolidated operating profit and net profit for the fourth quarter amounted to 134.8 million kroons (8.6 million euros) and 98.4 million kroons (6.3 million euros) respectively. Fourth quarter operating margin was 16.3% and net margin 11.9%.

Olympic Entertainment Group AS ended the financial year with sales revenue of 2,487.3 million kroons (159.0 million euros). Total consolidated revenue surged to 2,517.5 million kroons (160.9 million euros), up 50.9% on the 1,668.8 million kroons (106.7 million euros) earned in 2006.

Consolidated operating profit slipped to 432.5 million kroons (27.6 million euros), 2.7% down from 2006, while consolidated net profit decreased from the 404.3 million kroons (25.8 million euros) earned in 2006 to 381.7 million kroons (24.4 million euros), down 5.6%.

The Group corrected forecast of annual revenue was 2.3 billion kroons (147.0 million euros) and corrected forecast of annual operating profit was 450.0 million kroons (28.8 million euros). Unaudited annual revenue including nonrecurrent revenues exceeded the forecast by 217.5 million kroons (13.9 million euros), which is 9.5% more than forecasted. Unaudited annual operating profit was lower than forecasted by -3.9% and amounted 432.6 million kroons (27.6 million euros). Operating profit was affected by costs incurred in connection with the opening of new casinos and non-recurring items.

According to management's estimates, the acquisitions of 2007 have not yet reached their full potential. The margins of recently acquired entities should begin improving in the second half of 2008.

Consolidated revenue was boosted by the contribution of companies acquired in 2007, organic revenue growth and the opening of new casinos. Entities acquired through business combinations contributed 402.3 million kroons (25.7 million euros) or 47.4% of total revenue growth. Non-recurring items totalled 33.2 million kroons (2.1 million euros).

Gaming operations accounted for 92% of consolidated revenue while other operations contributed 8%.

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Revenue by markets (in thousands of kroons):

	Q4 2007	Q4 2006	Change	2007	2006	Change
Estonia	241,253	203,618	18.5%	866,057	671,535	29.0%
Latvia	194,655	159,372	22.1%	692,760	511,211	35.5%
Lithuania	157,808	110,815	42.4%	470,480	389,467	20.8%
Ukraine	80,188	32,867	144.0%	187,640	94,881	97.8%
Belarus	5,677	1,271	346.5%	12,617	1,676	652.7%
Poland	139,272	-	-	270,838	-	-
Romania	7,136	-	-	17,115	-	-
TOTAL	825,989	507,944	62.6%	2,517,506	1,668,770	50.9%

1 euro = 15.6466 kroons

Consolidated operating expenses for 2007 totalled 2,085.0 million kroons (133.3 million euros), up 70.3% on 2006. The largest expense item was personnel expenses which amounted to 651.9 million kroons (41.7 million euros). The next in size were depreciation and amortisation expense of 257.1 million kroons (16.4 million euros) and gaming tax expenses of 330.0 million kroons (21.1 million euros), followed by marketing expenses of 193.4 million kroons (12.4 million euros) and rental expenses on buildings of 171.0 million kroons (10.9 million euros).

The structure of operating expenses has not changed. The main growth driver is still rapid expansion. In absolute numbers, the largest growth occurred in personnel expenses which increased by 269.9 million kroons (17.2 million euros) or 70.7% year-over-year. Gambling tax expenses grew by 127.2% or 184.8 million kroons (11.8 million euros) and rental expenses rose by 92.4% or 82.1 million kroons (5.2 million euros).

Expenses for 2007 include costs of 52.0 million kroons (3.3 million euros) incurred in connection with the opening of new casinos, and non-recurring items of 27.0 million kroons (1.7 million euros), including the costs of researching new markets (4.1 million kroons (0.3 million euros)), the costs of penetrating the Polish market (6.0 million kroons (0.4 million euros)), and the costs in connection with options provided to members of the management and supervisory boards and the key executives (16.9 million kroons (1.1 million euros)).

Consolidated net profit for 2007 was affected by unrealised exchange losses of 31.2 million kroons (2.0 million euros) incurred from fluctuations in the euro - US dollar exchange rate. Exchange differences have been recognised in the income statement in *Net financial items*.

Balance sheet

At 31 December 2007, the consolidated balance sheet of Olympic Entertainment Group AS totalled 2,706.9 million kroons (173.0 million euros), up 17.2% on 31 December 2006.

Current assets accounted for 596.5 million kroons (38.1 million euros) or 22.0% of total assets and non-current assets to 2,110.4 million kroons (134.9 million euros) or 78% of total assets. Intangible assets accounted for 699.7 million kroons (44.7 million euros) or 33.2% of non-current assets.

At 31 December, consolidated liabilities totalled 368.5 million kroons (23.6 million euros) and consolidated equity amounted to 2,338.4 million kroons (149.5 million euros). The largest liabilities were trade payables of 125.7 million kroons (8.0 million euros), tax commitments of 84.5 million kroons (5.3 million euros), payables to employees of 66.5 million kroons (4.3 million euros) and other accrued expenses of 24.3 million kroons (1.6 million euros). Other liabilities included finance lease liabilities of 22.9 million kroons (1.5 million euros), deferred tax liabilities of 18.3 million kroons (1.2 million euros), and amounts due to customers and provisions for winnings of 26.3 million kroons (1.7 million euros).

People

At 31 December 2007, the Group employed 4 004 people (31 December 2006: 2342) including 779 in Estonia, 1077 in Latvia, 764 in Lithuania, 646 in Ukraine, 88 in Belarus, 489 in Poland, 159 in Romania and 2 in Slovakia.

Employee remuneration expenses including social charges amounted to 651.9 million kroons (41.7 million euros) against 382.0 million kroons (24.4 million euros) in 2006.

In 2007, option agreements were made with members of the management board of Olympic Entertainment Group AS and the Group's key executives. According to the agreements, a member of the management board may subscribe a total of 333,624 shares and a key executive a total of 133,446 shares in Olympic Entertainment Group AS during the period 2008 – 2010. The exact number of the shares that may be subscribed by a member of the management board or a key executive will depend on the achievement of the Group's financial targets and the performance of the department in which the member of the board or the key executive is employed. The options may be exercised every year from 2008 to 2010.

Results of casino operators

At the end of 2007, the Group had 122 casinos with a total area of 33,828 square metres. At the end of 2006, the number of casinos was 79 and their total area 22,316 square metres.

Number of casinos by markets:

	31 Dec 2007	31 Dec 2006
Estonia	35	22
Latvia	38	38
Lithuania	15	10
Ukraine	19	8
Belarus	4	1
Poland	8	-
Romania	3	-
TOTAL	122	79

OLYMPIC CASINO EESTI AS

At the end of 2007, there were 35 Olympic casinos in Estonia with a total of 1,335 slot machines and 24 game tables. During the year, 3 Olympic casinos were renovated and 6 former Kristiine Kasiino facilities were re-branded.

Olympic Casino Eesti AS (OCE) ended 2007 with sales of 794.8 million kroons (50.8 million euros), up 23.7% on 2006. Operating profit remained stable at 288 million kroons (18.4 million euros). OCE's operating profit was adversely affected by the overall price hike in Estonia, the situation in the labour market which pushed up personnel expenses, the renovation of Olympic casinos and the re-branding of Kristiine Kasiino facilities, and the acquisition of new equipment which increased depreciation expense. The costs incurred in connection with the renovation and re-branding of Kristiine Kasiino casinos totalled 11.8 million kroons (0.8 million euros).

OLYMPIC CASINO LATVIA SIA

The past financial year saw the completion of the legal merger of Olympic Casino Latvia SIA (OCL) and Baltic Gaming AS (BG). During the year, 10 BG casinos were renovated and 2 Olympic casinos refurbished. At the end of the year, OCL was operating 38 casinos with 1,235 slot machines and 40 game tables.

OCL's and BG's sales for 2007 totalled 661.1 million kroons (42.3 million euros), a 38.6% improvement on their combined sales for 2006. Operating profit amounted to 106.0 million kroons (6.8 million euros), a 7.1%

decrease compared with 2006. In 2007, profit growth was impeded by surging personnel expenses, larger gaming tax expenses (caused by a rise in the tax rate), increasing sales which boosted jackpot and bonus point expenses, the costs of combining BG and OCL, and investment-triggered expansion in depreciation and amortisation expense.

OLYMPIC CASINO GROUP BALTIJA UAB

In 2007, Olympic Casino Group Baltija UAB (OCGB) opened 5 new, category B casinos.

OCGB's flagship casino in Kaunas is still closed because of the renovation of the hotel in which the casino is located. At the end of 2007, OCGB was operating 10 casinos under the Olympic Casino brand name (including the one temporarily closed for renovation) and 5 under the Bumerangas brand name. The casinos have a total of 546 slot machines and 64 game tables.

OCGB ended 2007 with sales revenue of 429.8 million kroons (27.5 million euros), a roughly 15% improvement on 2006. Operating profit grew by 41.7% to 115.6 million kroons (7.4 million euros), mainly thanks to an increase in sales. In the fourth quarter, OCGB received compensation of 8.6 million kroons (0.5 million euros) for delays in the renovation of the hotel and the continuing closure of its casino.

OLYMPIC CASINO UKRAINE TOV

At the end of 2007, Olympic Casino Ukraine TOV (OCU) was operating 14 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 have been consolidated from the fourth quarter of 2007. At 31 December, OCU was operating 683 slot machines under the Olympic Casino brand name and Eldorado casinos were operating 274 slot machines and 17 game tables.

OCU ended 2007 with sales revenue of 154.2 million kroons (9.9 million euros), a 62.7% upswing on 2006. The rise may be attributed to both organic revenue growth and the opening of new casinos. OCU's operating profit for 2007 amounted to 13.3 million kroons (0.9 million euros), a 2.2 million kroon (0.1 million euro) decrease compared with 2006.

Eldorado casinos ended the fourth quarter with sales of 33.4 million kroons (2.1 million euros) and an operating profit of 5.3 million kroons (0.3 million euros). The operating profit of the Group's Ukrainian operations was impacted by expansion, especially growth in rental expenses and an investment-related rise in depreciation and amortisation expense.

OLYMPIC CASINO BEL IP

At the end of December, Olympic Casino Bel IP (OCB) was operating 4 casinos in Minsk. During the year, 3 new casinos were opened.

OCB's sales revenue for 2007 amounted to 12.1 million kroons (0.8 million euros). Due to delays in the opening of new casinos and the start-up phase of launched facilities, the period ended in an operating loss of 23.3 million kroons (1.5 million euros).

CASINO POLONIA - WROCLAW SP. Z.O.O

Casino Polonia Wroclaw Sp. Z.o.o (CP) ended the period May-December 2007 with sales revenue of 270.1 million kroons (17.3 million euros). In the fourth quarter CP's revenues grew by 53.9% on the third quarter.

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At the year-end, CP was operating 310 slot machines and 44 game tables. Due to organisational restructuring, operating profit for May-December amounted to 2.5 million kroons (0.2 million euros).

OLYMPIC CASINO BUCHAREST S.R.L.

In the third quarter of 2007, 2 former Empire International Game World slot casinos were renovated and 1 new slot casino was opened.

Olympic Casino Bucharest S.r.l. ended 2007 with sales revenue of 17.2 million kroons (1.1 million euros). Because of expenses incurred in connection with the opening of new game halls and organisational restructuring, the period ended in an operating loss of 26.2 million kroons (1.7 million euros).

The Group's key financials

	2007	2006	Change
Revenue (kroons, millions)	2,517.50	1,668.80	50.9%
EBITDA (kroons, millions)	689.6	630.4	9.4%
Operating profit (kroons, millions)	432.5	444.4	-2.7%
Net profit (kroons, millions)	381.7	404.3	-5.6%
EBITDA margin	27.4%	37.8%	-27.5%
Operating margin	17.2%	26.6%	-35.3%
Net margin	15.2%	24.2%	-37.2%
Equity ratio	86.4%	89.8%	-3.8%
ROA	14.7%	23.9%	-38.5%
ROE	16.7%	29.1%	-42.6%

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

o ROA = net profit / average total assets

o ROE = net profit / average total equity

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 fourth quarter and the twelve months of 2007 presented on pages 11 to 32 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 (27 February 2008) 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.

27 February 2008



Armin Karu
Chairman of the Management Board



Andri Avila
Member of the Management Board



Mart Relve
Member of the Management Board

Consolidated interim balance sheet

ASSETS

In thousands of Estonian kroons	Note	31 Dec 2007	31 Dec 2006
Current assets			
Cash and cash equivalents		501,801	1,234,658
Trade receivables		14,115	7,181
Other receivables and prepayments		57,570	41,902
Prepaid income tax		2,567	6,388
Inventories		20,431	10,507
Total current assets		596,484	1,300,637
Non-current assets			
Deferred tax assets		3,575	3,204
Other investments		18,176	18,311
Long-term receivables		11,955	42,554
Investment property	2	52,924	31,819
Property, plant and equipment	2	1,324,075	770,471
Intangible assets	3	699,663	142,206
Total non-current assets		2,110,368	1,008,564
TOTAL ASSETS		2,706,852	2,309,201

LIABILITIES AND EQUITY

In thousands of Estonian kroons		31 Dec 2007	31 Dec 2006
LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings		4,682	174
Customer advances		12,509	15,340
Trade payables		125,677	97,139
Income tax liability		13,613	20,304
Other tax liabilities		70,866	30,330
Other accrued payables		84,294	43,515
Provisions		13,748	16,213
Total current liabilities		325,390	223,015
Non-current liabilities			
Deferred tax liability		18,280	12,182
Interest-bearing loans and borrowings		24,787	991
Total non-current liabilities		43,067	13,173
Total liabilities		368,457	236,188
EQUITY			
Share capital	5	1,510,000	754,000
Share premium		227,273	968,800
Statutory capital reserve		19,444	4
Translation reserve		7,939	-2,217
Retained earnings		512,417	315,308
Total equity attributable to equity holders of the parent		2,277,074	2,035,896
Minority interest		61,321	37,118
Total equity		2,338,395	2,073,013
TOTAL LIABILITIES AND EQUITY		2,706,852	2,309,201

Consolidated interim balance sheet (continued)

ASSETS

In thousands of euros	Note	31 Dec 2007	31 Dec 2006
Current assets			
Cash and cash equivalents		32,071	78,909
Trade receivables		902	459
Other receivables and prepayments		3,679	2,678
Prepaid income tax		164	408
Inventories		1,306	672
Total current assets		38,122	83,126
Non-current assets			
Deferred tax assets		229	205
Other investments		1,162	1,170
Long-term receivables		764	2,720
Investment property	2	3,382	2,034
Property, plant and equipment	2	84,624	49,242
Intangible assets	3	44,717	9,089
Total non-current assets		134,877	64,459
TOTAL ASSETS		172,999	147,585

LIABILITIES AND EQUITY

In thousands of euros		31 Dec 2007	31 Dec 2006
LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings		299	11
Customer advances		799	980
Trade payables		8,032	6,208
Income tax liability		909	1,298
Other tax liabilities		4,529	1,938
Other accrued payables		5,387	2,781
Provisions		879	1,036
Total current liabilities		20,835	14,253
Non-current liabilities			
Deferred tax liability		1,168	779
Interest-bearing loans and borrowings		1,584	63
Total non-current liabilities		2,752	842
Total liabilities		23,549	15,095
EQUITY			
Share capital	5	96,507	48,189
Share premium		14,525	61,918
Statutory capital reserve		1,243	0
Translation reserve		507	-142
Retained earnings		32,749	20,152
Total equity attributable to equity holders of		145,532	130,117
Minority interest		3,919	2,372
Total equity		149,451	132,490
TOTAL LIABILITIES AND EQUITY		172,999	147,585

Consolidated interim income statement

In thousands of Estonian kroons	Note	Q4 2007	Q4 2006	2007	2006
Revenue					
Sales revenue		802,306	503,625	2,487,298	1,658,749
Other income		23,683	4,319	30,207	10,021
Total revenue		825,989	507,944	2,517,506	1,668,770
Expenses					
Cost of materials, goods and services used		-19,538	-21,710	-60,297	-56,433
Other operating expenses		-369,136	-175,485	-1,101,984	-592,595
Personnel expenses		-208,761	-118,085	-651,911	-381,997
Depreciation and amortisation expense	2;3	-82,203	-61,924	-256,769	-185,996
Impairment of investment property	2	-350	0	-350	0
Impairment of goodwill	3	0	0	0	-26
Other expenses		-11,205	-5,495	-13,648	-7,325
Total expenses		-691,194	-382,698	-2,084,959	-1,224,373
Operating profit		134,795	125,246	432,547	444,398
Financial income and expenses					
Gain on sale of shares in subsidiaries		0	8,409	0	8,409
Gain on investments in associates		11	-11	11	-11
Interest income		3,551	6,572	27,791	9,900
Interest expense		-318	-1,376	-604	-10,325
Foreign exchange gains and losses		-22,024	-5,874	-34,288	-7,636
Net financial items		-18,780	7,721	-7,090	337
Profit from operations		116,015	132,967	425,457	444,735
Income tax expense		-17,582	-17,754	-43,752	-40,473
NET PROFIT FOR THE PERIOD		98,433	115,213	381,705	404,262
Attributable to minority interest		6,707	4,613	14,356	15,463
Attributable to equity holders of the parent		91,726	110,600	367,349	388,799
Basic earnings per share (kroons)	5	0.61	0.79	2.43	3.11
Diluted earnings per share (kroons)	5	0.61	0.79	2.43	3.11

Consolidated interim income statement (continued)

In thousands of euros	Note	Q4 2007	Q4 2006	2007	2006
Revenue					
Sales revenue		51,277	32,188	158,967	106,013
Other income		1,514	276	1,931	640
Total revenue		52,790	32,464	160,898	106,654
Expenses					
Cost of materials, goods and services used		-1,249	-1,388	-3,854	-3,607
Other operating expenses		-23,592	-11,216	-70,430	-37,874
Personnel expenses		-13,342	-7,547	-41,665	-24,414
Depreciation and amortisation expense	2;3	-5,254	-3,958	-16,410	-11,887
Impairment of investment property	2	-22	0	-22	0
Impairment of goodwill	3	0	0	0	-2
Other expenses		-716	-351	-872	-468
Total expenses		-44,175	-24,459	-133,253	-78,252
Operating profit		8,615	8,005	27,645	28,402
Financial income and expenses					
Gain on sale of shares in subsidiaries		0	536	0	536
Gain on investments in associates		0	0	0	0
Interest income		227	420	1,776	633
Interest expense		-20	-88	-39	-660
Foreign exchange gains and losses		-1,408	-375	-2,191	-487
Net financial items		-1,200	493	-453	22
Profit from operations		7,415	8,498	27,192	28,424
Income tax expense		-1,124	-1,135	-2,796	-2,587
NET PROFIT FOR THE PERIOD		6,291	7,363	24,395	25,837
Attributable to minority interest		429	295	918	988
Attributable to equity holders of the parent		5,862	7,069	23,478	24,849
Basic earnings per share (euros)	5	0.04	0.05	0.16	0.20
Diluted earnings per share (euros)	5	0.04	0.05	0.16	0.20

Consolidated interim statement of cash flows

In thousands of Estonian kroons	Note	2007	2006
Cash flows from operating activities			
Net profit for the period		381,705	404,262
Adjustments for			
Depreciation and amortisation	2;3	256,769	159,855
Impairment losses on goodwill		0	26,141
Change in fair value of investment property		-21,105	-2,698
Losses on disposal of property, plant and equipment and intangibles		8,439	3,345
Gain on sale of shares in subsidiaries		0	-8,409
Gain on investments in associates (net)		-11	11
Net other financial income and expenses		7,101	8,061
Change in receivables and prepayments		85,267	-19,645
Change in inventories		-9,924	7,808
Change in payables and advances received		1,788	71,056
Interest paid		-646	-10,325
Corporate income tax paid		-44,803	-11,532
Net cash from operating activities		664,580	627,930
Cash flows from investing activities			
Acquisition of property, plant, equipment and intangibles		-674,667	-396,717
Proceeds from sale of property, plant and equipment		2,436	586
Acquisition of investment property		0	-25,079
Acquisition of other financial investments		0	-27,383
Proceeds from sale of other financial investments		0	13,916
Acquisition of subsidiaries, net of cash acquired		-521,892	0
Proceeds from sale of shares in subsidiaries/associates		11	10,257
Loans given		-77,685	-10,978
Repayment of loans given		2	286
Interest received		28,153	8,715
Net cash used in investing activities		-1,243,642	-426,397
Cash flows from financing activities			
Proceeds from issue of share capital	5	2,000	1,097,202
Proceeds from loans received		0	226,876
Repayment of loans received		0	-454,626
Payment of finance lease principal	4	-2,295	-403
Dividends paid		-150,800	-20,000
Net cash used in financing activities		-151,095	849,049
NET CASH FLOWS		-730,156	1,050,582
Decrease/increase in cash and cash equivalents		-730,156	1,050,582
Cash and cash equivalents at beginning of period		1,234,658	184,564
Effect of exchange rate fluctuations		-2,701	-488
Cash and cash equivalents at end of period		501,801	1,234,658

Consolidated interim statement of cash flows (continued)

In thousands of euros	Note	2007	2006
Cash flows from operating activities			
Net profit for the period		24,395	25,837
Adjustments for			
Depreciation and amortisation	2;3	16,411	10,217
Impairment losses on goodwill		0	1,671
Change in fair value of investment property		-1,349	-172
Losses on disposal of property, plant and equipment and intangibles		539	214
Gain on sale of shares in subsidiaries		0	-537
Gain on investments in associates (net)		-1	1
Net other financial income and expenses		454	515
Change in receivables and prepayments		5,450	-1,256
Change in inventories		-634	499
Change in payables and advances received		114	4,541
Interest paid		-41	-660
Corporate income tax paid		-2,863	-737
Net cash from operating activities		42,474	40,132
Cash flows from investing activities			
Acquisition of property, plant, equipment and intangibles		-43,119	-25,355
Proceeds from sale of property, plant and equipment		156	37
Acquisition of investment property		0	-1,603
Acquisition of other financial investments		0	-1,750
Proceeds from sale of other financial investments		0	889
Acquisition of subsidiaries, net of cash acquired		-33,355	0
Proceeds from sale of shares in subsidiaries/associates		1	656
Loans given		-4,965	-702
Repayment of loans given		0	18
Interest received		1,799	557
Net cash used in investing activities		-79,483	-27,252
Cash flows from financing activities			
Proceeds from issue of share capital	5	128	70,124
Proceeds from loans received		0	14,500
Repayment of loans received		0	-29,056
Payment of finance lease principal	4	-147	-26
Dividends paid		-9,638	-1,278
Net cash used in financing activities		-9,657	54,264
NET CASH FLOWS		-46,665	67,145
Decrease/increase in cash and cash equivalents		-46,665	67,145
Cash and cash equivalents at beginning of period		78,909	11,796
Effect of exchange rate fluctuations		-173	-31
		0	
Cash and cash equivalents at end of period		32,071	78,909

Consolidated interim statement of changes in equity

In thousands of Estonian kroons

Note	Equity attributable to equity holders of the parent					Total	Minority interest	Total
	Share capital	Share premium	Statutory capital reserve	Translation reserve	Retained earnings			
At 31 December 2005	40	25,598	4	2,074	546,469	574,185	21,655	595,839
Net profit for the period	0	0	0	0	388,799	388,799	15,463	404,262
Effect of changes in exchange rates	0	0	0	-4,291	0	-4,291	0	-4,291
Total recognised income and expense	0	0	0	-4,291	388,799	384,508	15,463	399,971
Issue of ordinary shares								
- bonus issue	599,960	0	0	0	-599,960	0	0	0
- public offering	154,000	943,202	0	0	0	1,097,202	0	1,097,202
Dividend distribution	0	0	0	0	-20,000	-20,000	0	-20,000
At 31 December 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	367,349	367,349	14,356	381,705
Effect of changes in exchange rates	0	0	0	10,156	0	10,156	0	10,156
Total recognised income and expense	0	0	0	10,156	367,349	377,505	14,356	391,861
Bonus issue	5	754,000	-754,000	0	0	0	0	0
Transfer to capital reserve		0	19,440	0	-19,440	0	0	0
Dividend distribution	5	0	0	0	-150,800	-150,800	0	-150,800
Issue of share capital	5	2,000	12,473	0	0	14,473	0	14,473
Acquired through business combinations		0	0	0	0	0	9,847	9,847
At 31 December 2007	1,510,000	227,273	19,444	7,939	512,417	2,277,074	61,321	2,338,395

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			
At 31 December 2005	3	1,636	0	133	34,926	36,697	1,384	38,081
Net profit for the period	0	0	0	0	24,849	24,849	988	25,837
Effect of changes in exchange rates	0	0	0	-274	0	-274	0	-274
Total recognised income and expense	0	0	0	-274	24,849	24,575	988	25,563
Issue of ordinary shares								
- bonus issue	38,344	0	0	0	-38,344	0	0	0
- public offering	9,842	60,282	0	0	0	70,124	0	70,124
Dividend distribution	0	0	0	0	-1,278	-1,278	0	-1,278
At 31 December 2006	48,189	61,918	0	-142	20,152	130,117	2,372	132,490
Net profit for the period	0	0	0	0	23,478	23,478	918	24,395
Effect of changes in exchange rates	0	0	0	649	0	649	0	649
Total recognised income and expense	0	0	0	649	23,478	24,127	918	25,044
Bonus issue	5	48,189	-48,189	0	0	0	0	0
Transfer to capital reserve		0	1,242	0	-1,242	0	0	0
Dividend distribution	5	0	0	0	-9,638	-9,638	0	-9,638
Issue of share capital	5	128	797	0	0	925	0	925
Acquired through business combinations		0	0	0	0	0	629	629
At 31 December 2007	96,507	14,525	1,243	507	32,749	145,532	3,919	149,451

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 period ended 31 December 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.

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 27 February 2008.

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. Investment property and property, plant and equipment

In thousands of Estonian kroons	Investment property	Property, plant and equipment	Total
At 31 December 2006	31,819	770,471	802,290
Additions	0	687,139	687,139
Acquisitions through business combinations	0	139,084	139,084
Changes in fair value	21,105	0	21,105
Disposals	0	-53,170	-53,170
Depreciation for the period	0	-246,468	-246,468
Accumulated depreciation on disposals	0	41,416	41,416
Effect of movements in exchange rates	0	-14,397	-14,397
At 31 December 2007	52,924	1,324,075	1,376,999

In thousands of euros	Investment property	Property, plant and equipment	Total
At 31 December 2006	2,034	49,242	51,276
Additions	0	43,916	43,916
Acquisitions through business combinations	0	8,889	8,889
Changes in fair value	1,349	0	1,349
Disposals	0	-3,398	-3,398
Depreciation for the period	0	-15,752	-15,752
Accumulated depreciation on disposals	0	2,647	2,647
Effect of movements in exchange rates	0	-920	-920
At 31 December 2007	3,382	84,624	88,006

Note 3. Intangible assets

In thousands of Estonian kroons	Goodwill	Other intangible assets	Total
At 31 December 2006	124,486	17,720	142,206
Additions	0	19,506	19,506
Acquisitions through business combinations	510,161	39,360	549,521
Disposals	-659	-497	-1,156
Amortisation for the period	0	-10,301	-10,301
Accumulated amortisation on disposals	0	40	40
Effect of movements in exchange rates	0	-153	-153
At 31 December 2007	633,988	65,675	699,663

In thousands of euros	Goodwill	Other intangible assets	Total
At 31 December 2006	7,956	1,133	9,089
Additions	0	1,247	1,247
Acquisitions through business combinations	32,605	2,516	35,121
Disposals	-42	-32	-74
Amortisation for the period	0	-658	-658
Accumulated amortisation on disposals	0	3	3
Effect of movements in exchange rates	0	-10	-10
At 31 December 2007	40,519	4,197	44,717

In 2007, goodwill decreased by 659,000 kroons (42,000 euros) in connection with the determination of the final purchase price of BG companies. In 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.

In 2007, goodwill increased by 510,161,000 kroons (32,605,000 euros) on account of goodwill acquired through business combinations.

Note 4. Finance lease liabilities

In thousands of Estonian kroons	31 December 2007	31 December 2006
Finance lease liabilities at beginning of period	193	596
Addition to finance lease liabilities	25,213	0
Principal payments made	-1,513	-403
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	31 December 2007	31 December 2006
Finance lease liabilities at beginning of period	12	38
Addition to finance lease liabilities	1,612	0
Principal payments made	-147	-26
Finance lease liabilities at end of period	1,477	12
Current portion	316	11
Non-current portion (payable in up to 4 years)	1,161	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 5. 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 for the year 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 – December 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.

	Q4 2007	Q4 2006	2007	2006
Profit for the period				
(in thousands of Estonian kroons)	91,726	110,600	367,349	388,799
Weighted average number of shares outstanding				
(in thousands)	151,000	140,533	150,917	125,133
Basic earnings per share (in kroons)	0.61	0.79	2.43	3.11
Diluted earnings per share (in kroons)	0.61	0.79	2.43	3.11
	Q4 2007	Q4 2006	2007	2006
Profit for the period (in thousands of euros)	5,862	7,069	23,478	24,849
Weighted average number of shares outstanding (in thousands)	151,000	140,533	150,917	125,133
Basic earnings per share (in euro)	0.04	0.05	0.16	0.20
Diluted earnings per share (in euro)	0.04	0.05	0.16	0.20

Note 6. 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.

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Geographical segments

In thousands of Estonian
kroons

	Estonia		Latvia		Lithuania		Ukraine		Belarus		Poland		Romania		Slovakia		Eliminations		Consolidated	
	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006
Sales revenue from external customers	239,210	200,956	193,773	157,025	137,087	111,320	80,188	33,053	5,677	1,271	139,322	0	7,049	0	0	0	0	0	802,306	503,625
Other external income	2,043	2,662	882	2,347	20,721	-504	0	-186	0	0	-50	0	86	0	0	0	0	0	23,683	4,319
Inter-segment sales revenue and other income	3,401	2,519	654	22	19	0	0	0	0	0	0	0	0	0	0	0	-4,073	-2,541	0	0
Total revenues	244,654	206,137	195,308	159,394	157,827	110,816	80,188	32,867	5,677	1,271	139,272	0	7,136	0	0	0	-4,073	-2,541	825,989	507,944
Total expenses	-196,074	-123,777	-172,707	-129,528	-100,765	-99,342	-75,073	-28,960	-14,499	-3,799	-125,048	-428	-20,075	0	-751	0	13,798	3,136	-691,194	-382,698
Operating profit	48,580	82,360	22,602	29,866	57,062	11,474	5,115	3,907	-8,822	-2,528	14,224	-428	-12,939	0	-751	0	9,725	595	134,795	125,246
Net financial items																			-18,780	7,721
Income tax expense																			-17,582	-17,754
Net profit for the period																			98,433	115,213

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Geographical segments

In thousands of Estonian
kroons

	Estonia		Latvia		Lithuania		Ukraine		Belarus		Poland		Romania		Slovakia		Eliminations		Consolidated	
	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	861,234	665,996	689,793	507,482	449,231	388,717	187,627	94,878	12,125	1,676	270,260	0	17,028	0	0	0	0	0	2,487,298	1,658,749
Other external income	4,824	5,539	2,967	3,729	21,249	750	13	3	492	0	578	0	86	0	0	0	0	0	30,208	10,021
Inter-segment sales revenue and other income	13,088	16,617	2,668	14	220	0	0	0	0	0	0	0	0	0	0	0	-15,977	-16,631	0	0
Total revenues	879,146	688,152	695,428	511,225	470,700	389,467	187,640	94,881	12,617	1,676	270,838	0	17,114	0	0	0	-15,977	-16,631	2,517,506	1,668,770
Total expenses	-662,365	-455,442	-592,009	-404,586	-334,990	-304,913	-169,040	-79,331	-36,960	-8,227	-271,113	-428	-43,418	0	-757	0	25,693	28,555	-2,084,959	-1,224,372
Operating profit	216,781	232,710	103,419	106,639	135,710	84,554	18,600	15,550	-24,343	-6,551	-275	-428	-26,304	0	-757	0	9,716	11,924	432,547	444,398
Net financial items																			-7,090	337
Income tax expense																			-54,752	-40,473
Net profit for the period																			381,705	404,262

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Geographical segments

In thousands of euros

	Estonia		Latvia		Lithuania		Ukraine		Belarus		Poland		Romania		Slovakia		Eliminations		Consolidated	
	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006
Sales revenue from external customers	15,288	12,843	12,384	10,036	8,761	7,115	5,125	2,112	363	81	8,904	0	451	0	0	0	0	0	51,277	32,188
Other external income	131	170	56	150	1,324	-32	0	-12	0	0	-3	0	6	0	0	0	0	0	1,514	276
Inter-segment sales revenue and other income	217	161	42	1	1	0	0	0	0	0	0	0	0	0	0	0	-260	-162	0	0
Total revenues	15,636	13,175	12,482	10,187	10,087	7,082	5,125	2,101	363	81	8,901	0	456	0	0	0	-260	-162	52,790	32,464
Total expenses	-12,531	-7,911	-11,038	-8,278	-6,440	-6,349	-4,798	-1,851	-927	-243	-7,992	-27	-1,283	0	-48	0	882	200	-44,175	-24,459
Operating profit	3,105	5,264	1,445	1,909	3,647	733	327	250	-564	-162	909	-27	-827	0	-48	0	622	38	8,615	8,005
Net financial items																			-1,200	493
Income tax expense																			-1,124	-1,135
Net profit for the period																			6,291	7,363

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Geographical segments

In thousands of euros

	Estonia		Latvia		Lithuania		Ukraine		Belarus		Poland		Romania		Slovakia		Eliminations		Consolidated	
	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	55,043	42,565	44,086	32,434	28,711	24,844	11,992	6,064	775	107	17,273	0	1,088	0	0	0	0	0	158,967	106,013
Other external income	308	354	190	238	1,358	48	1	0	31	0	37	0	5	0	0	0	0	0	1,931	640
Inter-segment sales revenue and other income	836	1,062	171	1	14	0	0	0	0	0	0	0	0	0	0	0	-1,021	-1,063	0	0
Total revenues	56,188	43,981	44,446	32,673	30,083	24,891	11,992	6,064	806	107	17,310	0	1,094	0	0	0	-1,021	-1,063	160,898	106,654
Total expenses	-42,333	-29,108	-37,836	-25,858	-21,410	-19,487	-10,804	-5,070	-2,362	-526	-17,327	-27	-2,775	0	-48	0	1,642	1,825	-133,253	-78,252
Operating profit	13,855	14,873	6,610	6,815	8,673	5,404	1,189	994	-1,556	-419	-18	-27	-1,681	0	-48	0	621	762	27,645	28,402
Net financial items																			-453	22
Income tax expense																			-2,796	-2,587
Net profit for the period																			24,395	25,837

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Business segments

In thousands of Estonian kroons

	Gaming services		Other services		Eliminations		Consolidated	
	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006
Sales revenue from external customers	762,208	478,126	40,098	25,499	0	0	802,306	503,625
Other external income	1,103	2,309	22,580	2,010	0	0	23,683	4,319
Inter-segment sales revenue and other income	1,301	2,123	21,333	16,690	-22,634	-18,813	0	0
Total revenue	764,612	482,558	84,011	44,199	-22,634	-18,813	825,989	507,944

In thousands of Estonian kroons

	Gaming services		Other services		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
Sales revenue from external customers	2,353,906	1,559,848	133,392	98,901	0	0	2,487,298	1,658,749
Other external income	5,182	3,909	25,025	6,112	0	0	30,207	10,021
Inter-segment sales revenue and other income	5,699	28,940	72,005	63,121	-77,704	-92,061	0	0
Total revenue	2,364,787	1,592,697	230,422	168,134	-77,704	-92,061	2,517,506	1,668,770

Business segments

In thousands of euros

	Gaming services		Other services		Eliminations		Consolidated	
	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006	Q4 2007	Q4 2006
Sales revenue from external customers	48,714	30,558	2,563	1,630	0	0	51,277	32,188
Other external income	70	148	1,443	128	0	0	1,514	276
Inter-segment sales revenue and other income	83	136	1,363	1,067	-1,447	-1,202	0	0
Total revenue	48,868	30,841	5,369	2,825	-1,447	-1,202	52,790	32,464

In thousands of euros

	Gaming services		Other services		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
Sales revenue from external customers	150,442	99,692	8,525	6,321	0	0	158,967	106,013
Other external income	331	250	1,599	391	0	0	1,931	640
Inter-segment sales revenue and other income	364	1,850	4,602	4,034	-4,966	-5,884	0	0
Total revenue	151,137	101,792	14,727	10,746	-4,966	-5,884	160,898	106,654

Note 7. Subsidiaries

	Domicile	Ownership interest		Core activity	Shareholder
		31 Dec 2007	31 Dec 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	0%	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 Exchange S.r.l.	Romania	90%	0%	Currency exchange services	OEG
Olympic Exchange S.r.l.	Romania	10%	0%	Currency exchange 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	Fair value	Pre-acquisition carrying amount	Fair value
	In thousands of Estonian kroons		In thousands of euros	
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	32,009	0	2,046
Liabilities	12,402	12,402	793	793
Net assets	78,817	110,826	5,037	7,082
Ownership interest acquired		95%		95%
Net assets acquired		105,285		6,729
Goodwill on acquisition		195,096		12,469
Purchase price		300,381		19,198
Cash and bank balances acquired		49,458		3,161
Consideration paid, satisfied in cash		-287,908		-18,401
Net cash outflow		-238,450		-15,240
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	Fair value	Pre-acquisition carrying amount	Fair value
	In thousands of Estonian kroons		In thousands of euros	
Property, plant and equipment	4 560	4 560	291	291
Net assets	4 560	4 560	291	291
Ownership interest acquired		100%		100%
Net assets acquired		4 560		291
Goodwill on acquisition		57 778		3 693
Purchase price		62 338		3 984
Consideration paid, satisfied in cash		-59 209		-3 784
Net cash outflow		-59 209		-3 784
Payable		-3 129		-200

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:

Receivables and prepayments	22,158	22,158	1,416	1,416
Inventories	452	452	29	29
Non-current financial investments	752	752	48	48
Property, plant and equipment	92,495	92,495	5,912	5,912
Intangible assets	273	10,207	17	652
Liabilities	119,361	119,361	7,629	7,629
Net assets	11,588	21,523	740	1,375
Ownership interest acquired		80%		80%
Net assets acquired		17,218		1,100
Goodwill on acquisition		124,630		7,966
Purchase price		141,848		9,066
Cash and bank balances acquired		14,819		947
Consideration paid, satisfied in cash		-141,848		-9,066
Net cash outflow		-127,029		-8,119
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 145,270,000 kroons (9,284,000 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:

	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	3,244	3,244	207	207
Receivables and prepayments	9,536	9,536	609	609
Inventories	509	509	33	33
Non-current financial investments	103	103	7	7
Property, plant and equipment	4,016	4,016	257	257
Intangible assets	7,907	7,907	505	505
Liabilities	12,693	12,693	811	811
Net assets	12,622	12,622	807	807
Ownership interest acquired		100%		100%
Net assets acquired		12,622		807
Goodwill on acquisition		132,648		8,478
Purchase price		145,270		9,284
Cash and bank balances acquired		3,244		207
Consideration paid, satisfied in cash		-145,270		-9,284
Net cash outflow		-142,026		-9,077
Payable		-13,108		-838

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

	2007	
	In thousands of Estonian kroons	In thousands of euros
Acquired subsidiaries' profit / loss for the period in the consolidated financial statements	-19,996	-1,278
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	-26,650	-1,703
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	482,634	30,846

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, in August Muntenia Food & Beverage S.r.l. and in October Olympic Exchange 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 the first quarter of 2008.

OEG's subsidiary Olympic Casino Latvia SIA sold its 25% holding in affiliated company Baltic Electronics SIA. Baltic Electronics SIA was obtained together with other Baltic Gaming AS companies in the end of 2005 and since the acquisition no economic activities have been performed. The Group's loss on the transaction amounted to 9,000 kroons.

	Baltic Electronics SIA	
	In thousands of Estonian kroons	In thousands of euros
Sales price	11	0,7
Sales loss	-9	-0,6
Ownership interest sold	25%	25%
Consideration received in 2007	11	0,7
Net cash flow from transaction	11	0,7

Note 8. 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	2007	2006	2007	2006
		In thousands of Estonian kroons		In thousands of euros	
Parent company	Lease of business premises	1,110	859	71	55
Company related to the management board	Consulting services	0	253	0	16
Total		1,110	1,112	71	71

		At 31 December			
		2007	2006	2007	2006
Related party	Transaction	In thousands of Estonian kroons		In thousands of euros	
Parent company	Lease of business premises	0	92	0	6
Total		0	92	0	6

In the 2007, the remuneration of management and supervisory board members with social taxes totalled 8,250,000 kroons (527,000 euros). The corresponding figure for the 2006 was 3,416,000 kroons (218,000 euros).

Note 9. Subsequent events

Olympic Casino Latvia SIA signed preliminary contract for the acquisition of the AS Admirāļu Klubs on 26th October 2007. The initial value of the agreement was estimated as 625.9 million kroons (40.0 million euros). In connection with the results of the due diligence, Group decided on 18 January 2008 not proceed the acquisition of the casino operator AS Admirāļu Klubs on the terms constituted in the preliminary agreement.