Olympic Entertainment Group AS

SUMMARY

Of the Offering and Listing Prospectus

Offer Period 2 October 2006 – 17 October 2006
Price Range 63 EEK - 75 EEK

Global coordinator and Sole Bookrunner

Hansabank

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Dear Investor,

I am honoured to introduce to you a document that is the result of 13 years of hard work. 13 years ago we opened our first small slot casino in Tallinn. Today, Olympic Entertainment Group is the largest casino entertainment group in the Baltic States and one of the fastest-growing companies in the whole region. The time has come for us to take another important step in the development of the Olympic Casino brand - we have decided to take the company public.

Our vision for the future is clear. We are determined to operate in at least ten countries by 2010 and to become the largest casino entertainment provider in Central and Eastern Europe. The extensive experience of our professional management team and our leading position in the Baltic market reinforce our confidence that these ambitious objectives are within reach.

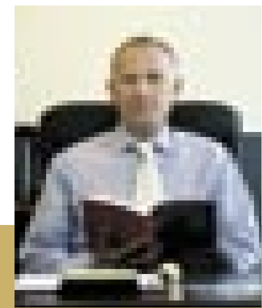
Our policy of aggressive expansion in recent years has brought us success in Estonia, Latvia and Lithuania. It has also taken us beyond the familiar "home" markets: we are already tasting the first fruits of our Ukrainian investments and are excited to be the first European operator to open a casino in Belarus. We are now ready to move even further, and a preliminary agreement has already been signed for the opening a new high-end casino in the Polish capital of Warsaw.

In every market that we choose to enter, the basis of our success is the "Las Vegas" look and feel of our casinos, where gaming experience is both exciting and secure. We are committed to the highest standards of entertainment and strive to make quality our hallmark.

The popularity of casino entertainment is on the rise worldwide, as more and more people are discovering the thrill and excitement of the Game which we are there to deliver. As the ranks of our customers grow, we are willing and able to demonstrate that casino business can be mature, transparent and responsible – and this is precisely why we have decided to become a public company.

Today, we are taking a historic step by inviting many new shareholders to join the company through the initial public offering of our shares. By becoming the first listed casino operator in Eastern Europe, we are assuming a great responsibility before our shareholders, clients and partners. Let me assure you that we will carry this responsibility without compromise.

Armin Karu
Olympic Entertainment Group
Chairman of the Management Board



Introduction

Important notice to prospective investors

This is the summary (the "*Summary*") of the offering and listing prospectus (the "*Prospectus*") prepared and published by Olympic Entertainment Group AS (the "*Company*" or "*us*" and together with our subsidiaries the "*Group*") in connection with the public offering of up to 15,400,000 of our ordinary shares to prospective investors in and outside Estonia (the "*Offering*").

This Summary is not the prospectus for the public Offering and the listing of our Shares. The Prospectus (26 September 2006) is drawn up and published in the English language and contains significantly more information on our operations than the Summary at hand. Furthermore, this Summary is not an exact translation of the summary included in the Prospectus itself and is somewhat more extensive. This Summary summarizes the facts and circumstances that we, in our absolute discretion, consider important with respect to our business and the public Offering of our Shares. Any decision to participate in the Offering and invest in our shares should be based by each investor on the Prospectus as a whole and not merely on this Summary.

This Summary is available in Estonian, Latvian, Lithuanian and English languages, while the entire English-language Prospectus will not be translated to these or any other languages. Prospective investors are cautioned that where a claim relating to the information contained in the Prospectus (or this Summary) is brought before a court, the plaintiff investor might, under the national legislation of the relevant state, have to bear the costs of translating the entire Prospectus before court proceedings are initiated. We accept civil liability in respect of this Summary solely in the case where this Summary is found to be misleading, inaccurate or inconsistent when read together with the Prospectus as a whole.

Available information

The entire Prospectus and this Summary are available in the electronic form from the web page of the Estonian Financial Supervision Authority (www.fi.ee). In addition to that, this Summary is available in the electronic form from the web pages of Olympic Entertainment Group (www.olympic-casino.com/IPO) and AB Bankas "Hansabanka" (www.hansa.lt).

The paper-based versions of the Prospectus and this Summary are available from the larger branches of AB Bankas "Hansabankas" in Lithuania until the end of the offer period (i.e. 17 October 2006).

At the request of an investor, the Prospectus and/or the Summary will be sent to him personally at the address designated by such investor. Such request may be made by calling the information line number (370) 52684514 or (370) 52684513. The same number may be used to request additional clarifications concerning the terms and conditions of the Offering and the submission of transaction orders in connection with the same. The personnel of the information line will not provide legal, financial or investment advice to investors and will not respond to enquiries concerning the Company and the Group. For legal, financial or investment advice in connection with the Offering, investors are strongly advised to seek independent professional assistance.

Our audited consolidated annual financial statements for financial years ended 31 December 2004 (including a comparison with the result of the financial year ended 31 December 2003, in English and Estonian) and 31 December 2005 (including a comparison with the result of the financial year ended 31 December 2004, in English and Estonian), as well as the audited consolidated financial statements for the interim period ended 30 June 2006 (including a comparison with the result of the interim period ended 30 June 2005, in English) may be obtained on the web page of the Group (www.olympic-casino.com/IPO) or at our registered address of Pronksi 19, Tallinn, Estonia.

Terms and Conditions of the Offering

The primary purpose of the Offering is to attract additional capital to finance the further expansion of the Group in Estonia, Latvia, Lithuania, Ukraine, Belarus, Poland and other Central-Eastern European countries. Such additional capital will allow the Group to maintain its strategy of aggressive geographic expansion and facilitate the opening of new casinos in the existing and new markets as well as the acquisition of other operators or their existing casinos, for which purposes the proceeds of the Offering (in the estimated amount of EEK 1,062 million, minus the estimated costs of the Offering to the Company in the amount of some EEK 24 million) will be used.

Retail Offering and Institutional Offering

In the course of the Offering, ordinary shares of the Company ("Shares") are being offered to Estonian, Latvian, Lithuanian and international institutional investors ("*Institutional Offering*") and to the general public and institutions in Estonia, Latvia and Lithuania, including the employees and members of the Supervisory Board and the Management Board of the Company and its subsidiaries ("*Retail Offering*" and, together with the Institutional Offering, "*Offering*"). The Offering comprises up to 15,400,000 Shares of the Company ("*Offer Shares*"), provided that the Over-Allotment Option is exercised in full, and will involve an issue of the corresponding amount of new ordinary Shares by the Company ("*New Shares*"). The Company and its shareholders have granted AS Hansapank as the Global Coordinator of the Offering an option to purchase up to 1,400,000 additional Shares at the Offer Price (as defined below) solely to cover over-allotments.

The issuing of New Shares will be decided by the General Meeting of shareholders of the Company on 29 September 2006. The Management Board of the Company will propose to the General Meeting of shareholders to waive the pre-emptive right of the shareholders to subscribe for the New Shares in order to carry out the Offering and extend the shareholder base of the Company.

The division of Offer Shares between the Institutional Offering and the Retail Offering has not been predetermined. The number of Offer Shares included in the Institutional Offering and in the Retail Offering will be decided by the Company in consultation with the Global Coordinator. This decision will be taken in conjunction with the allocation process, which will take place after the expiry of the Offer Period. However, not less than 75% of the Offer Shares will be allocated to the

Institutional Offering (unless the Company should in consultation with the Managers decide otherwise). The total amount of Offer Shares (and, correspondingly, the amount of New Shares to be issued by the Company) may decrease in case any part of the Offering is cancelled – see "*Terms and Conditions of the Offering - Cancellation of the Offering*". When deciding the division of Offer Shares between the Institutional Offering and the Retail Offering, the Company will consider mainly (i) the overall demand for the Offer Shares, (ii) the demand for the Offer Shares in the Retail Offering and (iii) the variance in the size of orders in the Retail Offering and the distribution of orders of different sizes in the Retail Offering. When deciding such division, the Company will be aiming to determine a proportion between the Institutional Offering and the Retail Offering which (i) gives the Company a wide shareholder base and (ii) can be expected to contribute to a stable and favourable development of the price of its Shares in the aftermarket. The Company expects to announce the Offer Price and the results of the allocation process, including the division of Offer Shares between the Institutional Offering and the Retail Offering, no later than on 18 October 2006 through the Tallinn Stock Exchange and no later than on 19 October 2006 in a daily newspaper circulated throughout territory of Latvia.

The existing shareholders of the Company and the members of its management, supervisory or administrative bodies may participate in the Offering subject to the conditions of the Offering as set forth herein. The Company is not aware whether or not such persons intend to participate in the Offering. To the extent that the Company is informed, none of such persons intend to subscribe for more than five per cent of the Offering.

Right to participate in the Retail Offering

The Retail Offering is directed to all natural and legal persons in Estonia, Latvia and Lithuania. For the purposes of these terms, a natural person will be deemed to be "in Estonia" if such person has a securities account with the ECRS and such person's address recorded in ECRS records in connection with such person's securities account is located in Estonia. A legal person will be deemed to be "in Estonia" if it has a securities account with ECRS and its registered address recorded in ECRS records in connection with its securities account is located in Estonia and/or its registration code recorded in ECRS records is the registration code of the Estonian Commercial Register.

For the purposes of these terms, a natural person will be deemed to be "in Latvia" if such person has a securities account with one of the registered securities account operators in Latvia or with the ECRS and such person's address recorded in the records of one of the above mentioned institutions in connection with such person's securities account is located in Latvia. A legal person will be deemed to be "in Latvia" if it has a securities account with one of the registered securities account operators in Latvia or with ECRS or with the Latvian Central Depositary and its registered address recorded in the records of one of the above-mentioned institutions in connection with its securities account is located in Latvia and/or its registration code recorded in such records is the registration code of the Latvian Commercial Register.

For the purposes of these terms, a natural person will be deemed to be "in Lithuania" if such person has a securities account with one of the registered securities account operators in Lithuania or with the ECRS and such person's address recorded in the records of one of the above-mentioned institutions in connection with such person's securities account is located in Lithuania. A legal person will be deemed to be "in Lithuania" if it has a securities account with one of the registered securities account operators in Lithuania or with the ECRS or with the Lithuanian Central Depositary and its registered address recorded in the records of one of the above-mentioned institutions in connection with its securities account is located in Lithuania and/or its registration code recorded in such records is the registration code of the Lithuanian Commercial Register.

Subscription undertakings as described under section "Terms and Conditions of the Retail Offering - Subscription Undertakings" can be submitted in Latvia and Lithuania only through securities accounts opened respectively with AS Hansabanka or AB Bankas "Hansabankas".

Offer Price

The Company will decide the exact Offer Price in consultation with the Global Coordinator after the completion of the book-building process directed to the institutional investors in the course of the Institutional Offering. The Offer Price will be based on the tenders for the Offer Shares obtained from institutional investors, also taking into account the total demand in the Institutional Offering, the price sensitivity of such demand and the quality of the demand. The Offer Price will be in the Offer Price Range of EEK 63 - EEK 75. The above price range may be amended until the end of the Offer Period on the basis of information obtained in the book-building process in accordance with local legislation and notification requirements (see "*Terms and Conditions of the Retail Offering - Procedure for Changing the Offer Price Range)*. The Offer Price will be the same in the Institutional Offering and in the Retail Offering.

Procedure for Changing the Offer Price Range

If the Offer Price Range is changed, the Company will prepare a supplement to this Prospectus which will be subject to approval by the competent authority. The supplement will be published in the same manner as the original Prospectus. The Company will make an announcement concerning the supplement immediately through the Tallinn Stock Exchange and on its website. Investors who have submitted Subscription Undertakings before the announcement will be given the opportunity to cancel their Subscription Undertakings within two working days after the announcement in accordance with the procedure described under "*Terms and Conditions of the Retail Offering - Amendment or cancellation of Subscription Undertakings*. Should the Offer Price Range be changed, also the total number of Offer Shares, the dates and other terms and conditions set forth herein may be changed. All such changes will be announced together with the announcement of the new Offer Price Range. Investors who have not cancelled their Subscription Undertakings within the above-mentioned time period will be deemed to have accepted all changes announced in accordance with the above. Should the upper limit of the price range change, then all investors who have not cancelled their Subscription Undertakings within two working days after such announcement will be deemed to have submitted a Subscription Undertaking at the new upper limit of the price range.

Offer Period

Investors may submit subscription undertakings for Shares (each a "*Subscription Undertaking*") during the Offer Period, which commences on 2 October 2006 at 9.00 a.m. and terminates on 17 October 2006 at 16.00 p.m. (the "*Offer Period*").

Subscription Undertakings

The Company invites investors to submit Subscription Undertakings in accordance with these terms and conditions and the following procedure. Subscription Undertakings may be submitted only during the Offer Period. An investor participating in the Retail Offering may apply to subscribe for the Offer Shares only at the upper limit of the price range, i.e. at EEK 75 (EUR 4.793) per Offer Share ("*Subscription Price*"). Multiple Subscription Undertakings by one investor, if submitted, shall be merged for the purposes of allocation. All investors participating in the Retail Offering can submit Subscription Undertakings denominated only in Estonian kroons (EEK).

Each investor must ensure that the information contained in the Subscription Undertaking submitted by such investor is correct, complete and legible. Incomplete, incorrect, unclear or illegible Subscription Undertakings may be rejected at the sole discretion of the Company. For detailed description on the procedure for the submission of Subscription Undertakings, please see below.

Submission of Subscription Undertakings

In order to subscribe for the Shares an investor must have a securities account with AB Bankas "Hansabankas". Such securities account may be opened at any branch office of AB Bankas "Hansabankas".

An investor wishing to subscribe for the Offer Shares should contact AB Bankas "Hansabankas" and submit a Subscription Undertaking for the purchase of securities in the form set out below. The Subscription Undertaking must be submitted to AB Bankas "Hansabankas" by the end of the Offer Period. The investor may use any method AB Bankas "Hansabankas" offers to submit the Subscription Undertaking (e.g., physically through a bank's branch, over the Internet or by other means). The Subscription Undertaking must include the following information:

Owner of the securities account:	name of the investor
Securities account:	number of the investor's securities account
Custodian:	AB Bankas "Hansabankas"
Security:	Olympic Entertainment Group AS ordinary share
ISIN code:	EE3100084021
Amount of securities:	the number of Offer Shares for which the investor whishes to subscribe
Price (per share):	EEK 75
Transaction amount:	the number of Offer Shares for which the investor wishes to subscribe multiplied by the Offer Price
Counterparty:	AS Hansapank
Securities account of counterparty:	99000011822
Custodian of the counterparty:	AB Bankas "Hansabankas"
Value date of the transaction:	20 October 2006

An investor may submit a Subscription Undertaking through a nominee account only if he or she authorizes the owner of the nominee account to disclose the investor's identity to AB Bankas "Hansabankas" in writing. Subscription Undertakings submitted through nominee accounts will be taken into consideration in the allocation only if the owner of the nominee account has actually disclosed the identity of the investor to AB Bankas "Hansabankas" in writing. Among other information it is also requested to disclose either a permanent address and personal identification code in case of the natural person or a registration address for the legal entity. An investor may submit a Subscription Undertaking either personally or through a representative whom the investor has authorized (in the form required by law) to submit the Subscription Undertaking.

A Subscription Undertaking is deemed submitted from the moment AB Bankas "Hansabankas" receives a duly completed transaction instruction from the custodian of the respective investor. The Subscription Undertaking can be cancelled or amended as described in Section "Amendment or cancellation of Subscription Undertakings." An investor shall be liable for the payment of all fees charged by the custodian in connection with the submission, cancellation or amendment of the Subscription Undertaking.

An investor must ensure that all information contained in the Subscription Undertaking is correct, complete and legible. The Company reserves the right to reject any Subscription Undertakings which are incomplete, incorrect unclear or illegible, or which have not been completed and submitted during the Offer Period in accordance with all requirements set out in these terms and conditions.

By submitting a Subscription Undertaking every investor:

- accepts the terms and conditions of the Offering set out under this Section and elsewhere in this Prospectus and agrees with the Company that such terms will be applicable to the investor's acquisition of any Offer Shares;
- acknowledges that the Retail Offering does not constitute an offer of the Offer Shares by the Company in legal terms or otherwise and that the submission of a Subscription Undertaking does not itself entitle the investor to acquire the Offer Shares nor result in a contract for the sale of Offer Shares;
- accepts that the number of Offer Shares indicated by the investor in the Subscription Undertaking will be regarded as the maximum number of Offer Shares which the investor wishes to acquire (the "Maximum Amount") and that the investor may receive less (but not more) Offer Shares than the Maximum Amount (see "Terms and Conditions of the Offering - Distribution and allocation");
- undertakes to acquire and pay for any number of Offer Shares allocated to it/him/her in accordance with these terms and conditions;
- authorizes AB Bankas "Hansabankas" to amend the information contained in the investor's transaction instruction, including (a) to specify the value date of the transaction and (b) to specify (i) the number of Shares to be purchased by the investor, (ii) the Offer Price (as determined after the Offer Period) as the price per share and (iii) the total amount of the transaction found by multiplying the Offer Price by the number of Offer Shares allocated to the relevant investor.

Amendment or cancellation of Subscription Undertakings

An investor may amend or cancel a Subscription Undertaking at any time before the expiry of the Offer Period. To do so, the investor must contact its/his/her custodian through whom the Subscription Undertaking in question has been made, and carry out the procedures required by the custodian for amending or cancelling a Subscription Undertaking (such procedures may differ between different custodians). All fees payable in connection with an amendment and/or cancellation of a Subscription Undertaking will be borne by the investor.

A cancellation or amendment of a Subscription Undertaking becomes effective at the moment when the transaction instruction of the investor in question has been cancelled in the ECRS, by AS Hansabanka or AB Bankas "Hansabankas", as applicable, on the basis of the cancellation instruction received by the ECRS from the investor's custodian or received by AS Hansabanka or AB Bankas "Hansabankas" from the investor.

Payment

By submitting a Subscription Undertaking, an investor authorises and instructs the institution operating the investor's cash account connected to its/his/her securities account (which may or may not also be the investor's custodian) to immediately block the whole transaction amount on the investor's cash account until the settlement is completed or funds are released in accordance with these terms and conditions. The transaction amount to be blocked will be equal to the maximum Offer Price multiplied by the Maximum Amount. An investor may submit a Subscription Undertaking only when there are sufficient funds on the cash account connected to its/his/her ECRS securities account or its/his/her securities account with AS Hansabanka or AB Bankas "Hansabankas", as applicable, to cover the whole transaction amount.

Distribution and allocation

The Offer Shares will be allocated to investors participating in the Retail Offering by using the stepped allocation methodology. Under the stepped allocation methodology, the Company, together with the Global Coordinator, will determine one or more allocation bands (in number of shares) and the allocation percentages applied in each band. This determination will take place as part of the allocation procedure after the expiry of the Offer Period. For example, assuming three allocation bands, the part of each Subscription Undertaking which is within allocation band A (up to and including X Shares) will be allocated α per cent, whilst that part of each Subscription Undertaking which is within allocation band B (more than X Shares up to and including Y Shares) will be allocated β per cent and the part of each Subscription Undertaking which is within allocation band C (more than Y Shares) will be allocated γ per cent.

The principal criteria to be used in the determination of the bands and the allocation percentages are as follows: (i) the size of the Retail Offering (ii) the total demand for the Shares in the Retail Offering (iii) the size of Subscription Undertakings in the Retail Offering and (iv) the number of investors who have submitted Subscription Undertakings in the Retail Offering.

All Subscription Undertakings (submitted in accordance with the terms) shall be fully allocated up to 725 Offer Shares (inclusive). Each investor will be allocated an integer number of Offer Shares without fractions. If necessary, the number of allocated Offer Shares will be rounded down to the closest integer number of Offer Shares.

Any remaining Offer Shares which cannot be allocated using the stepped allocation process described above will be allocated to investors at random. In case the total demand from all such allocations is exceeding the maximum amount of Offer Shares allocated to the Retail Offering, the Company together with the Global Coordinator will determine a new number of Offer Shares fully allocated for each investors' securities account, which will be lower than previously stated. The Company together with AS Hansapank will decide the allocation after deciding the Offer Price after the expiry of Offer Period, and no later than on 18 October 2006.

An investor may obtain information about the number of Offer Shares allocated to it/him/her after the settlement has been completed by submitting an inquiry to the custodian operating its/his/her respective securities account in accordance with the terms and conditions applied by that custodian.

Preferential allocation to Management and Employees

All employees of the Company and any of its subsidiaries that choose to participate in the Retail Offering will be fully allocated up to 1,450 Offer Shares, while same stepped allocation methodology as applicable to all other investors will be used for the allocation of employee orders in the amount exceeding 1,450 Offer Shares.
For the purposes of the above an employee means a person who as at 8.00 a.m. on 2 October 2006 has a valid employment contract for an unspecified term with the Company or any of its subsidiaries or is a member of the Supervisory Board or the Management Board of the Company or its subsidiary. Personal identification code is used for the identification of the employees.
Allocation in the Institutional Offering will be performed by AS Hansapank individually to each investor after the order book is closed based on the identity of the investor, the timing of the order and other relevant factors in order to ensure the existence of an active aftermarket for the Shares.

Settlement and Trading

Offer Shares allocated to investors will be transferred to their securities accounts on or about 20 October 2006 through the "delivery versus payment" method simultaneously with the transfer of payment for such Offer Shares. In no event will the date of settlement be later than 23 October 2006.

If an investor has submitted several Subscription Undertakings through several securities accounts belonging to him, the Offer Shares allocated to such investor are transferred to such investor's securities accounts proportionally with the respective securities amounts set out in such investor's Subscription Undertakings. The number of Offer Shares to be transferred to each securities account may be rounded up or down, as necessary, in order to ensure that a whole number of Offer Shares is transferred to each securities account. If the transfer cannot be completed due to the lack of sufficient funds on the investor's cash account, the Subscription Undertaking of the respective investor will be rejected and the investor will lose all rights to the Offer Shares allocated to such investor.

To facilitate the settlement, the Offer Shares to be transferred to investors (in the amount corresponding to the number of New Shares) will be temporarily borrowed by the Global Coordinator from OÜ HansaAssets.

Trading in Shares is expected to commence on the Tallinn Stock Exchange on or about 23 October 2006.

Return of Funds

If the Offer Price is lower than the Subscription Price, if the Offering is revoked, if the investor's Subscription Undertaking is rejected or if the allocation deviates from the amount of Offer Shares applied for, the funds blocked on the investor's cash account, or a part thereof (the amount in excess of payment for the allocated Offer Shares) will be released by the Custodian not later than on 19 October 2006. Company shall not be liable for the release of the respective amount and for the payment of interest on the released amount for the time it was blocked.

Cancellation of the Offering

The Company has reserved the right to cancel the Offering in part or in its entirety at any time until the Company has received full payment for all Offer Shares, if (i) the General Meeting of shareholders of the Company fails to decide the issue of New Shares prior to settlement and/or (ii) the Underwriting Agreement between the Company and the Global Coordinator has not been entered into on or before 17 October 2006 or (iii) the obligations of the Global Coordinator under the Underwriting Agreement (a) have not become unconditional or (b) terminate prior to settlement. Any cancellation of the Offering or any part thereof will be announced through the Tallinn Stock Exchange. All rights and obligations of the parties in relation to the cancelled part of the Offering will be considered terminated at the moment when such announcement is made public.

Applicable Law and Dispute Resolution

The Offering shall be governed by the laws of Estonia. Any disputes arising in connection with the Offering shall be settled by Harju County Court in Estonia.

Offer Shares compared to share capital

The Offer Shares represent approximately 20.4% of the share capital of the Company following the completion of the Offering and assuming that the Over-Allotment Option is exercised in full and that the number of Offer Shares is not changed.

Lock-up arrangement

The Company and its shareholders have agreed that, without the prior written consent of AS Hansapank, the above-mentioned parties will not dispose of any Shares owned by them at any time or any securities however convertible into Shares during the period commencing on the last day of the Offer Period and ending 360 days after the commencement of trading in Shares on the Tallinn Stock Exchange. However, the lock-up arrangement does not apply to any Shares that the Company may issue or sell pursuant to any employee stock option plan, stock ownership plan or dividend reinvestment plan. See "Management – Stock Option Program" for more details.

Over-Allotment Option and Stabilisation

The shareholders of the Company have granted to AS Hansapank an option exercisable at any time within 30 days from the commencement of trading in the Shares on the Tallinn Stock Exchange to purchase up to 1,400,000 additional Shares from such shareholders at the Offer Price solely to cover over-allotments, if any (the "*Over-Allotment Option*").

AS Hansapank may effect transactions to stabilize or maintain the market price of Shares, in accordance with applicable laws, during a 30-day period starting from the commencement of trading in Shares on the Tallinn Stock Exchange. Any such stabilization activity will be decided by AS Hansapank at its sole discretion and AS Hansapank is under no obligation to do so. Such stabilization transactions may result in a situation where Shares are traded at a price that is higher than the price that would have been formed by simple operation of supply and demand, without the effect of stabilization. Stabilization activities will be conducted in accordance with the European Commission Regulation (EC) No 2273/2003 implementing Directive 2003/6/EC of the European Parliament and the Council as regards exemptions for buy-back programs and stabilization of financial instruments and will be notified to the Estonian Financial Supervision Authority in accordance with Article 9 (4) of the aforementioned Regulation.

Key dates

29 September 2006	The Extraordinary General Meeting of Shareholders of the Company adopts the resolution to increase the share capital of the Company by issuing the New Shares
2 October 2006	Offer Period commences
17 October 2006	Offer Period concludes
18 October 2006	Offer Price and allocation of Offer Shares is determined and published
20 October 2006 (ca)	Settlement of Offer Shares
23 October 2006 (ca)	Trading in Shares of the Company commences on the Tallinn Stock Exchange

General Corporate Information

Corporate details

The business name of the Company is Olympic Entertainment Group AS, commercial register number 10592898. The Company is operating under the laws of the Republic of Estonia in the form of a public limited company and is established for an indefinite term. The address of the Company is Pronksi 19, Tallinn 10124, Estonia, telephone number (372) 6671250, fax number (372) 6671270, e-mail address info@dcg.ee, web-site www.olympic-casino.com. The Company, which previously operated in the form of a private limited company, was reorganised into a public limited company on 21 July 2006.

The principle areas of activity of the Company according to its Articles of Association are the following: commercial brokerage, real estate transactions, legal and business consultancy, investment and catering. The financial year of the Company is from 1 January to 31 December.

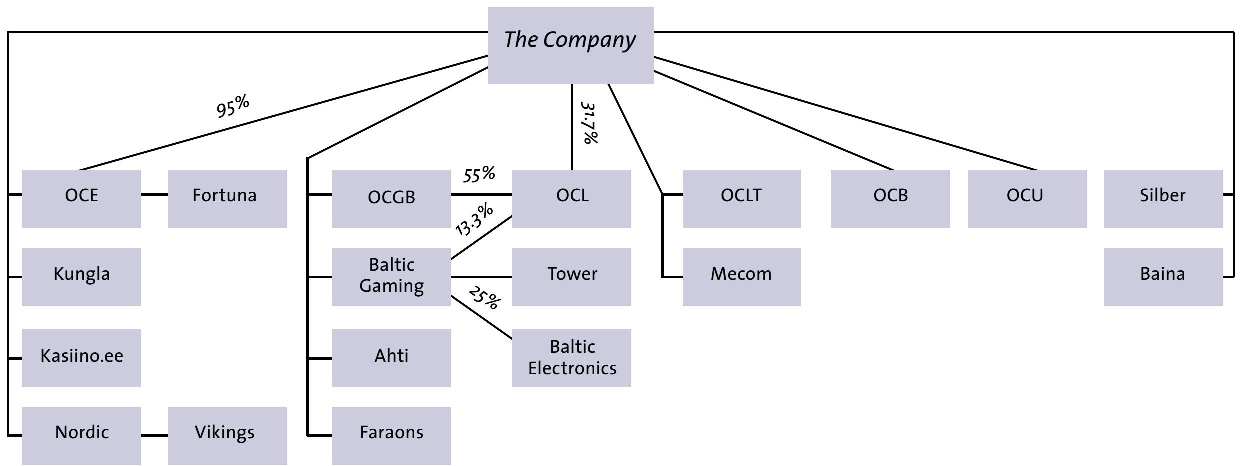
History

The first company of the Group was established in September 1993 in Estonia under the name of AS Benetreks (eventually to be renamed to Olympic Casino Eesti AS, which is currently the main operating entity in Estonia). That company opened its first slot casino in December 1993. The Company was established in 1999 under the name of OÜ Mecom Grupp and eventually became the ultimate holding company of the Group. The most important milestones of the gradual expansion of the Group's operations and business are summarised below.

Month	Development
September 1993	AS Benetreks is established (now Olympic Casino Eesti AS)
December 1993	First slot casino opened in Tallinn, Estonia
November 1999	OÜ Mecom Grupp is established (the Company)
February 2002	First slot casino is opened in Vilnius, Lithuania
April 2003	First casino opened in Riga (“Olympic Casino Radisson”)
May 2003	“Olympic Casino Lietuva” opened in Vilnius, which at the time was the biggest casino in the Baltic States
November 2004	First slot casino opened in Kiev, Ukraine
September 2005	A preliminary agreement is concluded for the acquisition of a Polish casino operator “Casino Polonia”
December 2005	Acquisition of a Latvian casino operator “Baltic Gaming” is completed, adding 33 casinos to the Group
May 2006	Olympic Voodoo Casino opened in Riga, Latvia
July 2006	The Company is reorganised from a private limited company to a public limited company

Structure of the Group

Olympic Entertainment Group AS is the ultimate parent company of the Group, through which the strategic management and financing of our operations is carried out. National casino operations are handled by local entities including primarily Olympic Casino Eesti AS (“OCE”) in Estonia, Olympic Casino Latvia SIA (“OCL”) and AS Baltic Gaming (“Baltic Gaming”) in Latvia, Olympic Casino Group Baltija UAB (“OCLT”) in Lithuania, Casino Ukraine TOB Olympic (“OCU”) in Ukraine and Olympic Casino Bel IP (“OCB”) in Belarus. In Estonia, Latvia and Lithuania, our non-core operations such as bar management are segregated from casino operations and are managed by specialised legal entities.



Shares and Shareholders

The share capital of the Company at the date of the Prospectus is EEK 600,000,000, which is divided into 60,000,000 ordinary Shares with the nominal value of EEK10 each. The Shares of the Company are registered in the Estonian Central Register of Securities (ECRS) with the International Securities Identification Number (ISIN) of EE3100084021. In the course of the Offering, up to 15,400,000 new Shares will be issued.

The Shares of the Company are currently owned by OÜ Hendaya Invest (35%) and OÜ HansaAssets (65%). OÜ Hendaya Invest is owned and controlled by Mr. Jaan Korpusov (a member of the Supervisory Board of the Company), while OÜ HansaAssets is owned and controlled by Mr. Armin Karu (a member of the Management Board of the Company). Both OÜ Hendaya Invest and OÜ HansaAssets are Estonian holding companies with no active operations. All Shares of the Company carry equal rights and our shareholders do not have any rights not conferred by Shares. No agreements exist between the shareholders of the Company which would affect its operations after the Offering is carried out.

Dilution

The Offer Shares represent approximately 25.7% of the share capital of the Company immediately prior to the Offering and approximately 20.4% of the share capital of the Company immediately after the completion of the Offering provided that the Over-Allotment Option is exercised in full and that the number of Offer Shares does not change from that indicated above. Following the completion of the Offering (and assuming that the Over-Allotment Option has been exercised in full) OÜ HansaAssets will hold approximately 51.7% of the Shares of the Company. OÜ Hendaya Invest will also remain a major shareholder with approximately 27.8% of all Shares.

Management

Structure of Our Management

The functional structure of the management of our operations is divided along the national borders, with certain strategic functions handled by the Group's central management based in Tallinn. The senior officers of the Company are responsible for the centralised Group-wide management of strategic areas such as finances, human resources, marketing, IT and certain other key functions. Each local entity is run by the senior local management who handle essentially similar functions on the national level. Ground-level management comprises numerous casino managers in each country, who are directly responsible for the day-to-day operations of one or several Olympic casinos.

Legally, the highest governing body of the Group is the General Meeting of shareholders of the Company. Group-wide strategic management and supervision functions rest with the Supervisory Board of the Company. The Management Board of the Company is in turn responsible for our everyday operations and reports to the Supervisory Board.

A large proportion of the key officers of the Group and its national entities are comprised of long-term employees with significant experience in the industry. Recognising the importance of quality management on all levels, we have recently launched a ground-level and mid-level management training program for our employees under the name of "Olympic University", which aims to select the best of our employees to fill future management positions.

Supervisory Board

According to our Articles of Association, our Supervisory Board can consist of 3 to 7 members who are elected for the term of 5 years. In accordance with the Estonian Commercial Code, the Supervisory Board of the Company is responsible for the strategic planning of the business activities of the Company and supervising the activities of the Management Board. The Supervisory Board is accountable before the shareholders of the Company (acting through the General Meeting). The composition of our Supervisory Board as of the date of the publication of the Prospectus is as follows:

Name	Year of Birth	Position in the SB	SB member from	Office Expires on
Jaan Korpusov	1957	Chairman	21 July 2006	12 September 2010
Kaia Karu	1963	Member	21 July 2006	12 September 2010
Liina Linsi	1961	Member	12 September 2006	12 September 2010
Peep Vain	1968	Member	12 September 2006	12 September 2010

Management Board

The Management Board of the Company is responsible for the day-to-day management of our operations, the representation of the Company and the organisation of accounting. The Management Board is accountable to the Supervisory Board and must adhere to its lawful instructions. Our Management Board currently consists of two members, whose authorities are valid for three years since appointment. According to the Articles of Association of the Company, the Management Board may have from 1 to 3 members.

Name	Year of Birth	Position in the MB	MB member from	Office expires on
Armin Karu	1965	Chief Executive Officer	1993	4 May 2009
Andri Avila	1975	Casino Operations Officer	2006	1 January 2009

- Mr. Armin Karu is the founder of the Group and its Chief Executive Officer since 1993. He graduated from Haaga Institute in Finland (International Management Diploma 1998; MBA 2005). Mr. Karu is the Chairman of the Estonian Gaming Operators' Association. Among other things, he is also a Vice-Chairman of a non-profit association "Tabasalu Natural Park", a member of the Management Board of the Tallinn Yachting Club and a member of the Management Board of a non-profit association "Suurte Tegude Fond".

- Mr. Andri Avila joined the Group in 2001 as the Chief Financial Officer. He graduated from Concordia International University in Estonia in 2000 with a degree in international business management and has previously held numerous executive positions in the field of investment and real estate, mostly in the capacity of the Chief Financial Officer. Mr. Avila serves as the Casino Operations Officer of Olympic Entertainment Group AS since 1 January 2006.

Other Key Employees

Our executive team includes Group-level management of various business units and the local management of each country in which we operate. The following individuals are among our key employees:

Name	Year of Birth	Position	In current position from	With the Group from
Gintaras Grybenas	1967	Director of Lithuanian operations	2005	2005
Alar Heinaste	1960	Internal Auditor	2006	2006
Raoul Järvis	1975	Chief E-Commerce Officer	2005	2005
Indrek Jürgenson	1976	Chief IT Officer	2003	2003
Katre Kaarenperk-Vanatoa	1974	Chief Marketing Officer	2006	2003
Tarmo Kase	1975	Director of Estonian operations	2005	2005
Andrus Koha	1970	Director of Belarussian operations	2005	2004
Pille Lepasaar	1968	Chief Human Resources Officer	2006	2006
Kristi Liinak	1978	Chief Accountant	2006	2005
Lembit Loo	1972	Director of Ukrainian operations	2005	2005
Gints Pakarklis	1970	Director of Latvian operations	2004	2004
Meelis Pielberg	1975	Director of Development	2006	1996
Kristi Roolaht	1978	Chief Corporate Trainer	2006	2000
Ilja Šterenberg	1977	Financial Controller	2006	2004
Jaak Õunpuu	1973	Chief Financial Officer	2006	2006

Remuneration

The total amount of compensations paid to the senior management of the Group in 2005 was app. EEK7.3 million. Due to the constant evolution of the management structure of the Group in the phase of expansion, new management positions may have been created since 31 December 2005 or during the financial year ended 31 December 2005, or the functions of the various managers may have changed. Therefore, the aforementioned data is based on the best possible assessment of the remuneration paid to the senior management and key personnel with functions similar to those of the persons mentioned above.

Our key employees are entitled to performance-based bonuses which become available on fulfilling certain pre-determined objectives, which may vary according to the nature of the employee's responsibilities. The termination severance payments are normally in proportion with the salary.

Share Ownership and Option Plan

Under the stock option plan established by the Company, certain key employees may purchase new Shares of the Company. The stock option plan is made available to the members of the Supervisory Board of the Company, the Management Board of the Company and certain key managers. The strike price of the options granted to employees and management is tied to the market price of the Shares of the Company traded on the Tallinn Stock Exchange in the period preceding the exercise of the stock options, thus providing the key personnel of the Group with powerful incentive to deliver continuous performance.

Currently, neither members of our Management Board or our Supervisory Board nor any other key employees hold any Shares in the Company (with the exception of Armin Karu and Jaan Korpusov – see above). In addition to his ownership stake in the Company, Armin Karu holds a 5% direct stake in Olympic Casino Eesti AS.

Business

In a nutshell

We are a leading provider of gaming services in the Baltic States (Estonia, Latvia and Lithuania) with rapidly expanding operations in Ukraine and Belarus. Preparations are under way to enter the Polish casino market. We operate slot and table casinos, as well as casino bars in most of our venues. We currently manage a total of 73 casinos and slot casinos and employ close to 2,200 people in 5 countries. On the date of the publication of the Prospectus, we operated a total of 20 casinos in Estonia, 38 casinos in Latvia, 8 casinos in Lithuania, 6 casinos in Ukraine and 1 casino in Belarus. Most of our casinos are situated on leased premises that are carefully chosen and equipped in accordance with our branding strategy.

We are the clear market leader in Estonia and Lithuania and have the second-biggest share of the Latvian casino market, while our Ukrainian and Belorussian entities are focusing on acquiring and expanding our market share in those countries.

Services

We operate slot and table casinos where gaming services are offered. The services that we provide to our customers are characterised by a wide diversity of available games and winning opportunities, as well as a strong client loyalty program which to date remains unparalleled in the Baltic States. Olympic Casinos strive to deliver experience reaching beyond pure gaming through well-developed entertainment programs and competitive events such as poker tournaments. Our casinos are equipped with state-of-the-art gaming equipment and software and aim to provide exceptional quality of entertainment in an environment that is stylish, comfortable, safe and secure.

Our Estonian, Latvian and Lithuanian main operating entities are ISO certified (Estonia since 1998, Latvia and Lithuania since 2004). Gaming services are subject to extensive state and municipal supervision in most countries in which we operate and a significant share of our efforts is devoted to ensuring strict compliance with all applicable rules and requirements.

To a limited extent we are engaged in certain non-core activities auxiliary to our principal business (such as bar operations and hotel management), but the main focus remains on the management of casinos. Over 92% of our revenue in 2005 came from gaming services (4% from hotel management, 2% from bar operations and 2% from miscellaneous activities).

Customers and Revenue

Our gaming revenue is essentially the spread between bets placed by our customers in Olympic Casinos and the winnings which are paid out. Our revenues have so far been stable and not significantly prone to seasonal fluctuations. Approximately 80% of our customers are male and 20% female, generally aged over 26. The average customer is a local resident with earnings somewhat above the local average, although no precise statistical data is available at this time. Customer profile depends on the location of a particular casino and the services offered on different venues.

Our total revenue in 2005 was EEK879.9 million and the total revenue for the first half of 2006 was EEK724.5. Our net profit in 2005 was EEK207.1 million and in the first half of 2006 the profit was EEK145.3 million. In the first half of 2006, approximately 40% of our revenue came from Estonia, 30% from Latvia, 25% from Lithuania and 5% from Ukraine.

Business costs

The structure of our costs is driven by the nature of our business, with personnel costs topping the list in all countries except Ukraine. The weight of personnel costs in our cost structure tends to be stable and ranged from 17% in Ukraine to 36% in Lithuania in 2005 (31% on a Group-wide basis). Due to considerable investments that are being made in fixed assets (primarily in the form of gaming equipment) which normally depreciate over a period of 5 years, depreciation accounted for up to 14% of the business costs of the Group entities in 2005 (an average of 12% on a Group-wide basis). Other noticeable cost items include rental payments and marketing.

Investments

The overwhelming majority of our investments is in connection with the opening of new casinos and the refurbishment of our existing premises (including investments in gaming equipment), with the recent addition of corporate acquisitions as another major item of capital expenditure. Recent noticeable investments include the construction and equipment of the Olympic Voodoo Casino in Reval Hotel Latvia (Riga), during which works and equipment were tendered for the total amount of close to EEK 86 million. Recently we have also acquired a leading Latvian casino Baltic Gaming for the total purchase consideration of EEK 211,2 million. The ongoing acquisition of a Polish casino operator Casino Polonia, if completed, is expected to involve investments of EEK 140,8 million in direct acquisition costs.

Employment

Including the senior management, we employed a total of 2,165 people in 5 countries as of 30 June 2006. Our workforce is growing constantly and at an increasing pace. We take great care in motivating our employees through a thoroughly devised system of variable salaries and offer ample career opportunities within the Group for talented employees.

Corporate Social Responsibility

In recognition of our responsibility to the society, we are constantly engaging in targeted charity and sponsorship programs which are carefully chosen primarily from the fields of sports, healthcare and culture. We consider it essential to improve the image of our industry by contributing to good causes as well as promoting moderate and responsible gaming as a legitimate and socially acceptable way of entertainment. **Among others, we have supported** the Estonian Olympic Committee, the Estonian Children' Fund and the Martins Foundation in Latvia, which is established to offer aid to children suffering from leukaemia. Our corporate social responsibility program is ongoing and we intend to continue investing in charitable causes as a listed company.

Expansion

Over the recent years, we have successfully pursued a strategy of aggressive expansion and are by now benefiting from possessing significant experience of international operations, as well as from employing a dedicated and professional management team. Currently, we are integrating our most recent acquisition target (AS Baltic Gaming in Latvia and its subsidiaries) with our Latvian entities and pursuing a policy of continued expansion of our Ukrainian and Belorussian operations. Extension of our business to other East-European markets is being contemplated in our bid to become an increasingly significant player on the European gaming market.

Related Party Transactions

With the exception of a few transactions concluded in the ordinary course of business (such as the lease of one venue from a member of the Management Board, a guarantee given to a company related to a member of the Management Board and a consultancy agreement concluded with a company related to a member of the Management Board), the Company does not engage in any significant related party transactions.

Strategy

Strategic objective

The ambition of the Group and its primary strategic objective is to become the leading casino operator in Eastern Europe, and to operate in at least 10 countries by 2010. The Group sees its strategy towards that objective as being comprised of two key elements: (i) maximising the profitability of each casino that it operates and (ii) expanding the network of its casinos in both existing and new geographic markets.

From one hand, the aim of the Group is to ensure that each Olympic Casino offers the highest quality of gaming and entertainment in a safe and secure environment. The Management is convinced that the focus on quality and comfort will contribute to the Group's ability to maintain existing and attract new customers, thus ensuring the optimal workload of all of its casinos and having a positive effect on profitability.

From the other hand, the Group recognises the inevitable limitations affecting the potential of the Baltic markets and is committed to the strategy of aggressive expansion on both national and international levels. Expansion within the existing 5 markets (Estonia, Latvia, Lithuania, Ukraine and Belarus) is aimed at maintaining (or capturing) and increasing the Group's share of the local casino markets by opening new venues in select prime locations. At the same time, further expansion to the hitherto untapped new geographic markets is viewed as the inevitable path in order to increase the overall revenues and profits of the Group.

Implementing the Group's strategy requires constant and careful attention to a number of key areas, which are briefly summarised below.

Implementation of strategy: increasing proftability of existing venues

Maintaining highest standards of service and quality of gaming environment

The markets in which the Group operates or intends to operate in the future are mostly characterised by less-than-outstanding service standards across the whole services sector of the economy. This is especially true for casino business, which is still something of a novelty for most Eastern European countries. The Group is determined to stand out against this background by offering the highest quality of gaming experience in a safe and secure environment. This strategy has proved to be highly effective in the Baltic States and, in the opinion of the Management, may yield even greater results in Ukraine and Belarus, as well as other East European markets, contributing to the Group's ability to acquire and maintain significant market shares in all jurisdictions in which it operates.

Developing a distinctive trademark

The implementation of the Group's strategic objective requires that a uniform façade is maintained and developed across all markets in which it operates. In the Baltic States, customers have already come to associate the Olympic brand name with high standards of service and safety. A distinctive and recognisable trademark is yielding direct benefits in terms of financial results by attracting a bigger clientele and decreasing the time needed for each new venue to start generating revenue at full capacity. In addition to conventional advertising and marketing, the Group intends to develop its brand name through the possible expansion of online marketing and services in jurisdictions where the applicable legislation permits doing so.

Taking avail of e-commerce opportunities

Although online gaming services are often subject to heavy restrictions, the Group is carefully looking into the e-commerce opportunities that present themselves within the applicable legal framework. Expansion into online services sector would offer an opportunity to develop the distinctive trademark of the Group and eventually attract more customers to its land based casinos. For these purposes, a separate position of the Chief E-Commerce Officer was established within the Group's management structure.

Given the restrictions applicable to online gaming in the Baltic States (with a moderate exception of Latvia), the Group considers the possibilities of developing online services primarily in relation to other Eastern-European markets. At the same time, care would be taken not to engage in online services unless the applicable local regulatory framework expressly permits doing so.

Improving the image of gaming

A significant share of the regulatory and demand-side risks that have the capacity of affecting the Group's business is attributable to the controversial image of gaming across Eastern Europe and the Baltics. In order to ensure legislative stability and increase the number of potential customers, the Group is investing considerable efforts in improving the image of gaming as a whole. This is achieved through active involvement in social and charitable programs. The Group is a major contributor to charitable and sports organisations (to illustrate, 2005 saw the Group as the principal sponsor of the Estonian Olympic Committee and the silver sponsor of the Baltic Basketball League) and a keen participant in corporate social responsibility initiatives (the Group commits significant and increasing efforts to implementing measures to combat gaming addictions and underage gambling).

In addition, the Group is willing and able to demonstrate that gaming, when organised in a safe and controlled environment, can offer quality entertainment without the perils that are customarily associated with games of chance. To this end, Olympic Casinos typically host a wide range of services including poker tournaments, cultural events and other social occasions.

Participating in administrative dialogue through professional associations

The Group is fully conscious of the fact that its industry is heavily prone to effects of legislative and administrative change. It is important that any changes are prepared with care and diligence, and that gaming operators have their say in the future of the industry. To this end, associations of gaming operators have been established in all jurisdictions in which the Group operates with the exception of Belarus. The local entities of the Group are either among the founders of or are active members in associations of gaming operators in the Baltic States and Ukraine. The Group is also a full member of the European Casino Association (http://www.europeancasinoassociation.org).

In Estonia and Latvia, chief executives of the relevant associations of gaming operators are the representatives of the Group. In Lithuania and Ukraine, the local Group entities are among the most active participants of the relevant associations. The Group takes an active stance on corporate social responsibility and through the professional associations it is constantly seeking constructive dialogue with the relevant authorities.

The Group intends to remain an active participant in professional associations and intends to offer every possible support and assistance to such bodies in order to improve the image of gaming and ensure that legislative changes are driven by economical and ethical considerations rather than based on emotional and populist decisions.

Implementation of strategy: continued expansion

Developing the structure of the Group

Rapid expansion of the Group's business to 5 countries (not including Poland) has created certain practical difficulties which would in theory have the potential to inhibit further growth. Among such difficulties are the administration of intra-Group financing relations, the allocation of management resources and certain other aspects of day-to-day international operations. The Management is actively involved in streamlining the corporate and operational structure of the Group in order to facilitate ongoing and future expansion. In particular, internal financing rules and transfer pricing policies are currently in development, while new management resources are being prepared under the recently launched management training program. Numerous other initiatives are being implemented to ensure that significant increases in the number of countries and venues will not affect the manageability of operations.

Pursuing an aggressive acquisition policy

The Group has increasingly considerable experience in entering new markets and expanding its existing market share through corporate acquisitions. So far, a number of operators have been taken over by the Group, including the recent acquisition of Latvia's second biggest casino operator – AS Baltic Gaming. The Group intends to remain on the lookout for suitable acquisition targets both in the countries where it already has a presence and in new markets. In many cases, acquiring existing operations holds multiple benefits as opposed to entering a market independently: to name but a few, it often allows bypassing usual entry barriers and securing a faster return on investments. The current financial condition of the Group is characterised by strong cash flows and low leverage, which creates significant potential for M&A activities when and where the opportunity materialises.

COMPETITIVE ADVANTAGES

The success of the Group in the Baltic markets and its continuing expansion in other jurisdictions is driven by certain competitive advantages that we believe to hold over our peers.

- **Visibility and accessibility.** Our choice of venues and locations is dominated by considerations of quality and accessibility. We have not opted for more venues at the expense of quality and strategic positioning, and do not intend to do so in the future. Olympic Casinos are visible, with external installations and advertisements designed to fit the maximum legally permitted standards. The combination of popular locations (central streets, major shopping malls etc.) and external visibility contributes to our ability to retain existing and attract new customers.

- **Service quality.** In Olympic Casinos we strive to offer the best possible quality of gaming services to our clients. Olympic Casinos enjoy an established reputation in the Baltic States and we intend to achieve similar recognition in each new market that we choose to enter in the future. The floor personnel serving the clients in our casinos is highly trained (training expenses in 2005 were EEK2.9 million, as compared to EEK2.4 million in 2004) and motivated (the average salaries of our floor personnel are normally above the local average and higher than those offered by competitors).

- **Advanced IT systems.** The scale of our operations allows us to take advantage of the better, more sophisticated and correspondingly more expensive IT systems which ensure stable operations of each casino and additional benefits for the clients of the Group (as an example, such systems include the "EZ-Pay" software and hardware modules which allow gaming without using cash).

- **Quality entertainment events.** Olympic Casinos work to achieve recognition as offering the most in addition to pure gaming, when compared to peers. Maintaining and developing quality non-gaming events on Olympic venues is a part of our marketing strategy, which is aimed at transforming casinos into more general-purpose entertainment establishments. According to the Estonian market study carried out by ourselves among casino customers in 2005, quality non-gaming entertainment is one of the most distinctive characteristics of Olympic Casinos when compared to competitors.

- **Strong marketing campaigns and national jackpots.** The large scope and international extent of our operations translates into bigger winnings for our customers. In particular, potential winnings in numerous casinos are frequently pooled to form national jackpots.

- **Professional management.** Management personnel employed by us benefits from international experience (derived from working with multiple markets on an everyday basis) and the combined expertise of the local executive teams. Our personnel is much sought after by competitors; however, we have so far managed to retain and grow ranks of qualified managing personnel as a result of carefully designed incentives and opportunities for personal and professional development that are unparalleled among the majority of local competitors.

- **Strong loyalty program.** The Group has a well-developed loyalty program for its frequent customers. Loyal customers (Bonus Card holders) account for approximately 30% of our revenue in Estonia, close to 50% in Lithuania and approximately 60% of the revenue in Latvia (the latter is calculated on the basis of the results of OCL without the addition of Baltic Gaming). Our loyalty program is truly unique in the Baltic States – as its premier feature, loyal customers earn bonus points (which can later be exchanged for cash) depending on the total amount of their bets placed in Olympic Casinos, regardless of their winnings. We take pride in offering one of the highest slot machines pay-out ratios in Europe, which is calculated as the overall average percentage of a slot machine's turnover that is paid out to clients in the form of winnings (for example, in the Estonian casinos the respective figure reaches 97.4%).

- **Quality bar operations.** Olympic Casinos offer excellent quality of bars. Normally we do not resort to the assistance of external bar operators but instead prefer to rely on our own experience and capacities to ensure the smooth operation of our bars and the appropriate quality of service.

- **Poker rooms.** Bigger casinos in the Olympic network (such as the Reval Park Hotel & Casino in Tallinn, Estonia, Olympic Voodoo Casino in Riga, Latvia and Reval Hotel Lietuva Casino in Vilnius, Lithuania) offer excellent opportunities for poker players. Poker rooms specifically equipped for that purpose host numerous and frequent national and international poker events which attract an increasingly large and diversified audience.

- **Transparency of operations.** We enjoy a justified reputation for the transparency and legitimacy of our operations, which often stands out against a large part of the industry in Eastern Europe. None of our entities have ever been found guilty in any tax fraud or miscalculation and we are determined to continue adhering to the highest standards of tax and regulatory compliance.

Risk Factors

This overview of the various risk factors related to the Company's business represents what we, in our absolute discretion, consider to be of material importance in relation to our present and future operations. While we consider the following to be a fair, full and comprehensive disclosure of all relevant risk factors, this overview (either in conjunction with the Prospectus or alone) is not a substitute for the rest of the Summary or the Prospectus and should not be perceived as such. We stress that a full and accurate assessment of our operations may only be made on the basis of the entire Prospectus. Furthermore, the operations of the Company may be affected by risks that are either not known or have not materialised by the date of this Summary. Should such risks emerge, the value of the investment made in Shares of the Company may suffer.

Industry-Specific Risks

Reputation of gaming

The Group's cash flows are primarily a function of the number of its customers and the average amount of money that each customer spends in a casino. The number of customers in the Group's casinos is in turn directly related to the reputation of gaming as such and the perception of gaming by the general public in each market where the Group operates. While the Group is exerting significant efforts towards the improvement of the image of gaming in its core markets, gaming is still often labelled by some as a less-prestigious type of entertainment (especially so in the markets where the overall quality of gaming services offered by the majority of operators is sub-standard, such as Ukraine and Belarus). Public opinion in relation to the industry may be volatile and based on irrational or unpredictable factors. Spikes in anti-gaming sentiments may occur from time to time and, in worst case scenarios, cause significant and permanent damage to the industry as a whole. In particular, adverse changes in the perception of gaming by the general public may lead to a drop in demand for gaming services, as well as trigger increased regulatory restrictions, thus having a negative effect on revenues and increasing compliance costs.

Demand for gaming services

Demand for gaming services is somewhat difficult to predict. While it is possible to draw certain parallels between the macro-economic situation, the amount of disposable income and the amount of money that an average household spends on entertainment in general, the correlation between overall leisure spending and spending on gaming appears to be far from linear. Demand for gaming services may be affected by public opinion, negative or positive publicity and other volatile factors. Therefore, the revenue of the Group may be adversely affected by temporary or permanent, sudden or gradual fluctuations on the demand side which can not be explained by the Group's financial performance or the condition of the economy in general. Nevertheless, the demand for gaming services has been growing steadily in all countries where the Group operates and the Management hopes that such growth is sustainable.

Regulatory changes

The Group operates in a market which is subject to extensive state and/or municipal regulation and supervision in most jurisdictions. Adverse legislative changes in any of the countries where the Group currently operates may have a material negative effect on the business of the Group or create obstacles to further growth. In particular, new state or municipal restrictions on the size and location of gaming establishments as well as more stringent rules related to the advertising of casinos may have a material adverse effect on the profitability and revenue of the Group through increased compliance costs and restricted marketing opportunities. Legal regulation of the gaming industry is highly prone to changes in the political and social agenda and the Group is unable to make reliable long-term predictions with respect to the legal environment in which it operates. Nevertheless, legislative changes in the gaming industry tend to carry negative consequences first and foremost for the smallest of operators who are often unable to comply with increased regulatory requirements. Therefore, stricter rules may in fact benefit the Group by creating additional entry barriers and eliminating the lower segment of competition, while contributing to the reputation of gaming.

At this time, legislative changes affecting the gaming industry are planned at least in Estonia, Lithuania and Ukraine. The Group does not anticipate that the new regulation will adversely affect its business in any of the aforementioned countries, but it is not in a position to make definitive predictions as to the exact scope and nature of the amendments that may come to pass.

Restrictions on marketing

Extensive restrictions apply to marketing of gaming services in Estonia, Latvia, Lithuania and Poland, as well as in other markets which the Group may consider for future expansion. It is possible that similar marketing restrictions may also be imposed in Ukraine and Belarus in the observable future. The Group is forced to limit its marketing activities in such jurisdictions primarily to targeted marketing among its existing clients and does not have the opportunity to employ more aggressive means of advertising. Such restrictions may have the effect of reducing the Group's potential to attract new clients or expand its market share in affected markets.

Competition from Internet-based services

The world-wide volume of Internet-based gaming is on the increase and it is conceivable that Internet gaming services will attract an increasingly large share of customers in the future. At the same time, no negative effect on land based casinos has hitherto been observed. Recent studies[1] demonstrate that the increase in the volume of Internet-based gaming has so far not had a negative effect on the other sectors of the gaming industry. To the contrary, land based casinos have often benefited from collaboration with online services (e.g. through online poker tournaments with the final event taking place in a land based casino – a form of collaboration which is actively used by the Group in Estonia and Latvia). The Group is constantly monitoring the market to remain up to speed with the latest tendencies and developments in relations between online and land based segments of the gaming industry. The Group has also recently introduced a position of Chief E-Commerce Officer as a part of its central management.

Gaming market is increasingly competitive

With the possible exception of Belarus, the gaming markets in each of the countries in which the Group operates are becoming increasingly competitive. The Group is facing competition from a number of major gaming operators, some of whom are active in multiple markets and are expanding aggressively. The average share of loyal clients in the overall revenue of the Group in the Baltic States is estimated at below 50%, while the rest of the revenue is generated by clients without manifest ties to a particular service provider. Therefore, the Group may have to make considerable investments in existing premises and new services in order to sustain and grow its current market share in its core markets, which in turn may reduce profitability.

Competition for new premises

The Group is facing increased competition in securing quality locations for new gaming establishments in Tallinn, Riga, Vilnius and Kiev. The real estate markets in the Baltic States and Ukraine appear to be somewhat overheated and the rental prices are subject to constant upward pressure. Premises which are suitable for gaming establishments are scarce and competition among the gaming operators is severe. This results in higher rental prices and may have an increasingly significant effect on profitability, as well as create obstacles to growth. It is expected, however, that at least in Ukraine the supply of suitable premises will increase over time, bringing the overall price level down.

Floor personnel rotation in the services industry

In the broader perspective, the Group operates in the services industry. One inevitable danger of the services sector is the relatively high personnel rotation rate (for example, the personnel rotation rate of hotel and restaurant businesses in the first half of 2006 in Estonia stood at 11.5%, in wholesale and retail sales – 14.7%[2]). Nevertheless, the rotation rate within the Group is noticeably lower than in the services sector on average, with the rotation rate in the Group for the first half of 2006 standing at app. 10.7%. Should the personnel rotation rate increase considerably, it could potentially lead to increased training expenses and affect the efficiency of operations. However, the Group is bearing the effects of high industry-wide personnel rotation rate to a somewhat lesser extent than many of its peers, this being achieved with the help of transparent and motivating remuneration policies as well as better working conditions.

Rising personnel costs

The Group is a major employer with a combined workforce of close to 2,200 employees (which is growing rapidly). Personnel costs amount to app. 31% of the total costs, with 2005 personnel costs exceeding EEK202 million (app. EEK70 million or 27% of total costs in Estonia, app. EEK32 million or 31% of total costs in Latvia, app. EEK69 million or 36% of total costs in Lithuania and app. EEK7 million or 17% of total costs in Ukraine). Floor staff, bartenders and other non-executive personnel comprise

[1] Source: "Study of Gambling Services in The Internal Market of The European Union", a European Commission publication prepared together with the Swiss Institute of Comparative Law (published 24 April 2006).
[2] Source: Estonian Statistics Board

at least ¾ of the total workforce. On average, overall wage growth in the Baltic States is currently faster than the growth of productivity, and employers across all industries are forced to increase personnel spending in order to retain and grow quality workforce. Within the gaming industry, this tendency is further aggravated by the higher mobility of personnel, with many of the younger employees seeking employment abroad (other EU Member States, cruise ships etc.). The Group aims to decrease personnel rotation rates across all jurisdictions and as a result may have to increase spending on training and motivation of floor personnel in order to sustain the highest standards of service which are essential to its business. Gradual increase of personnel costs is, however, factored into the Group's financial projections and business strategies and is not expected to present an obstacle for future growth.

Upcoming income tax reform in Estonia

Since 2000, Estonia is running a system of corporate income tax which is favourable for investment and growth-oriented undertakings. Retained earnings are fully exempt from corporate income tax and only profit distributions in their various forms are taxed. Therefore, corporations can re-invest profits without triggering income taxation. The European Commission considers this system to be contrary to the EU law. The EU rules require that dividends paid to shareholders holding over 10% of shares in a company are not taxed at the source (i.e. in the country of incorporation of the company paying the dividends) and Estonia must comply with these rules by 1 January 2009. At this time, it is highly likely that starting from 2009, Estonian companies will have to pay corporate income tax on earnings. It is not known at this time what the main features of the new income tax system would be and it is therefore conceivable that the upcoming changes would have an adverse effect on the financial results of the Group and its ability to sustain current rates of investment and growth.

Business Risks

Management of expansion

The Group has so far pursued the strategy of constant expansion into new geographic markets. This has allowed to maintain exceptional rates of growth in terms of revenues and profits, as well as to benefit from the increasing effects of scale economy in multiple areas such as IT, purchases of equipment and marketing. However, the rapid expansion of the Group may lead to administrative and structural difficulties. Managing an increasing amount of local entities, each operating in a different economic and legal environment, will pose a mounting challenge for the executive team of the Group and may ultimately result in higher administration costs and a slower rate of expansion. At the same time, the top management of the Group already possesses considerable experience in running international operations and expanding the business of the Group into new markets. It is becoming an increasingly international team of professionals which is hoping to be able to sustain the current speed of growth in the observable future.

Interpretation of Estonian and Lithuanian gaming regulations

A number of the Group's entities are engaged in regulatory controversies. The principal Lithuanian subsidiary of the Company – UAB Olympic Casino Group Baltija is currently directly or indirectly involved in multiple court and administrative proceedings initiated by or against the gaming and financial supervision authorities. Proceedings are based on alleged violations of gaming regulations. The outcome of these proceedings is difficult to predict due to the uncertainties which are inherent in the relevant Lithuanian legislation. Likewise, the principal Estonian subsidiary of the Company – Olympic Casino Eesti AS is or has in the past been engaged in several disputes with the authorities related primarily to the interpretation

of the applicable marketing restrictions. Though as a result of the aforementioned proceedings penalties may be imposed on individual members of the Lithuanian management or on Olympic Casino Eesti AS as a corporate entity, the Group does not anticipate that even the worst-case scenario would result in significant adverse consequences for its Estonian or Lithuanian operations. The aforementioned proceedings are due to the ambiguities that are present in Estonian and Lithuanian legislation. While the Group strives to comply with all applicable rules, the regulatory authorities in Estonia and Lithuania are often keen to test the boundaries of legislation by referring particular exemplary situations to the national courts. In the course of such proceedings, the applicable legislation is clarified and developed, ensuring better transparency and predictability of the regulatory environment.

Dependency on external IT solutions

The day-to-day operations of the Group in all relevant jurisdictions rely on certain casino-specific software which is licensed from third-party developers. Relocation to a different software platform would entail considerable expenses and practical difficulties. Should any critical defects be discovered in said software, or should the aforementioned software suppliers fail to perform under the relevant agreements, the Group's operations may be disturbed considerably, while the liability of the software suppliers under the relevant license agreements is considerably limited. On the other hand, the Group's software vendors are international corporations whose reputation and reliability have so far not been compromised in any manner. The Group believes that the outsourcing of core IT systems ensures greater stability and carries a significantly lower risk than that associated with software which is developed internally. In the (unlikely) case of a bankruptcy of a software vendor, the source code of the relevant software would normally become public, thus allowing continuous use and development of the software.

Retention of existing premises, increased rental payments

At the present time, the Group does not normally invest in real estate. With the exception of certain real estate purchased in the earlier stages of development of the Group and one limited-scope real estate project in Lithuania, most casinos and offices are located on premises which are leased or sub-leased from third parties. Therefore, the Group is partially dependant on third party lessors when it comes to controlling its fixed expenses and ensuring ongoing operations on all of its venues. It can not be excluded that one or multiple lessors may from time to time opt to increase the applicable rent or terminate the lease agreements concluded with various Group entities (whereas the risk of increased rental payments is especially probable in Latvia). This may have a limited effect on profitability and revenue. Nevertheless, the Group does not depend on any particular lessor as the venues are owned by numerous third parties which are not inter-related. Therefore, an issue with one or several lessors would not be likely to affect other similar venues. Moreover, rental payments on average amount to no more than 4-8% of the Group's costs in each country (with the exception of Ukraine, where rental payments amount to over 23% of the costs), which further limits the possible effect of increasing rental payments on profitability.

Top- and middle-level human resources are scarce

The rapid expansion of the Group requires considerable top- and middle-level management resources. The business model of the Group is heavily focused on quality and uniform service standards across all countries in which it operates; the implementation of such uniform service standards and the utilisation of existing know-how in new markets and on new premises requires an increasingly significant amount of qualified management personnel. In order to sustain the current level of expansion, the Group will have to make considerable investments into management training and motivation. The Group recognises the importance of quality middle-level management and is implementing a number of measures to ensure that a sufficient pool of qualified personnel is available at all times. To that end, the Group has recently implemented an extensive new training program aimed at preparing new management resources. The Group also has a defined personnel planning procedure in place, which among other things governs the principles behind the selection of employees for management training.

Acquisition of Baltic Gaming

The Company has acquired the second-largest Latvian casino operator Baltic Gaming (including related casino bar operations) in 2005 from a number of private individual owners for the aggregate purchase price of EUR13.5 million. The purchase agreement contains a customary set of warranties and representations, for which the sellers agreed to be liable. A thorough due diligence of the company was carried out before the closing of the transaction and an amount of EUR4.05 million is retained in an escrow account until March 2007, which will be transferred to the sellers subject to certain possible adjustments and pre-conditions. The Group invests considerable funds and efforts in integrating the acquired operations into the existing network of Latvian Olympic Casinos. While the Management is confident that integration will proceed smoothly, certain unforeseen difficulties can not be excluded which may have a short-term effect on the results of Latvian operations.

Acquisition of Casino Polonia

The Company has concluded a preliminary agreement for the acquisition of a Polish gaming operator Casino Polonia. The acquisition can be completed when certain pre-conditions are fulfilled, of which a part has been fulfilled already. The fulfilment of some of the remaining conditions (including an administrative approval concerning the transfer of the gaming license of Casino Polonia to the new location in Hilton Hotel Warsaw) is outside the control of the Company. Though the Management remains optimistic that the acquisition will be completed, there can be no guarantee that this would indeed be the case. Failing completion of the acquisition, certain costs and efforts related to the preparation of the transaction will be lost and the Group will be forced to seek other ways of entering the Polish market. The effect of such non-completion is nevertheless not expected to be significant with respect to the operations of the Group as a whole.

Interest rates

The syndicated loan facility taken by the Company in Estonia is based on the EURIBOR base rate which is determined as of the quotation date occurring each 6 months from the date of the relevant loan agreement. Therefore, increases in the European Central Bank interest rates (and, consequently, increases of the EURIBOR base rate) will lead to a corresponding increase in the financial costs of the Group. However, such increases are not likely to have a significant effect on the overall results of operations. Apart from the above-mentioned syndicated loan facility, the Group does not have any noticeable external financial obligations that would be prone to interest rate risk.

Currency exchange

Estonia and Lithuania joined the Exchange Rate Mechanism (ERM II) in June 2004 and Latvia joined the ERM II in May 2005, as a result of which the central exchange rates for their national currencies against the Euro were fixed. Under ERM II, the three countries' currencies must not deviate by more than 15% up or down against the Euro from the agreed rates. Estonia's and Lithuania's hopes to start using Euro notes and coins from 1 January 2007 have, however, recently proved unrealistic.

The possible date for the Euro's introduction in Latvia is likely to be even further away in light of high inflation and a heavy current account deficit. A delay in the transition to Euro may ultimately lead to a drop in consumer confidence and the overall decline in the growth rates of the Baltic economies. When complete, the transition to Euro in the Baltic States may pose a currency exchange risk which may materialise through changes in the current exchange rates between national currencies and the Euro.

The effect of currency exchange rates on costs and profitability is more probable with respect to Ukraine and Belarus (and, in the future, possibly with respect to other East-European markets) where the national currencies are not tied to Euro. Presently, however, the Group does not consider it necessary to hedge itself from the currency risk in Belarus and Ukraine as future exchange rate trends are difficult to predict and the pricing of the relevant financial instruments is currently not seen as favourable.

Retention of know-how

The Company operates in the services sector and its revenue and profitability are directly dependent on the quality of its services. The effect of quality on the financial results is further emphasised by the fact that the strategy of the Group is to gain market share through offering services of the quality that is superior to that of its competitors. The know-how developed by the Group and related to the management of quality and expansion is in many respects unique and carries significant value to the operations of the Group. The departure of a key employee possessing significant know-how and in-depth knowledge of the operations of the Group would have the potential of causing considerable damage to the competitive advantages of the Group through enabling the competitors to benefit from such know-how and in-depth knowledge. In order to ensure continuous loyalty of the top management and key employees, the Company is implementing an employee stock option program to involve the key personnel in the capital of the Company.

Dependency on key personnel

Much of the success of the Group in the Baltic markets is owing to the outstanding internal management capability developed over the years. The management personnel of the Company and the management of the local subsidiaries is comprised of highly trained and motivated professionals, many of whom have dedicated substantial parts of their professional careers to the Group. A departure of any key manager, in addition to potentially benefiting the competitors of the Group, would also have the effect of inflicting limited but noticeable damage on the quality of management and motivation. Hiring equivalent management personnel would entail inevitable costs and would not necessarily be immediately possible.

Belorussian lease agreements

Some of the lease agreements entered into by the Group entities in Belarus may either be terminated without compensation or are preliminary agreements not conferring any definite rights. At the same time, certain investments have already been made into refurbishing the leased premises and preparing such premises for use as casinos. Failing continued cooperation with the relevant lessors, or due to the inability to obtain administrative approval for the refurbished premises, the Group may loose the investments made into preparing new venues in Belarus (limited to construction expenses normally representing roughly 20% of the total investments in each casino).

Risks Related to Operations in Foreign Markets

Local connections take time to develop

Certain East-European markets are to a significant extent based on personal relations between the various market participants. As an example, securing suitable premises for new venues in Ukraine and Belarus normally requires a noticeable degree of personal approach to the contractual partners, which would be unfamiliar to companies operating exclusively in the Baltic States. To this end, the Ukrainian and Belorussian entities of the Group are somewhat at a disadvantage when compared to local operators with well established local connections. However, the Group expects such disadvantage to diminish and disappear over time, as the local management becomes more accustomed to the local market and as the Group hires more local professionals to assist in everyday operations.

Lack of reliable market information in Ukraine and Belarus (and other East-European markets)

Unlike the Baltic States, many East-European markets (including Ukraine, Belarus and other markets which the Group may consider in terms of future expansion) are characterised by the lack of reliable information on the condition of the gaming industry in general and the casino market in particular. Strategic management decisions in relation to such markets may therefore have to be made in the absence of adequate data which may from time to time prove essential.

Legal and political uncertainty in Belarus, Ukraine and other non-EU states

To date, the Group has invested over EEK18 million in expanding its operations to the Belorussian market and is planning to increase its investments up to a total of over EEK50 million in the near future. While the Belorussian market carries significant potential combined with weak competition, the Belorussian operations of the Group may at the same time be undermined by the under-developed legal system and the overall inefficiency of the state and municipal authorities. For example, due to the specific nature of the Belorussian legislation, a casino may not receive a license unless it is fully equipped. In these circumstances, the Group can not be fully confident that investments made into new Belorussian casinos will pay off.

The legal system and practice in Belarus is significantly under-developed as compared to the Baltic States or Ukraine. At the moment, no clear body of case law exists in areas of regulation which may prove crucial to the operations of the Group. Likewise, there is no effective system, official or otherwise, under which various decrees, ministerial decisions, court rulings or internal department circulars having the force of law are indexed and made publicly available on a regular basis. As a consequence, the outcome of any court case can not be reliably predicted. Furthermore, the Group may from time to time lack full adequate information on the actions and measures that need to be taken in order to comply with all applicable rules and procedures. This may eventually result in material adverse consequences for the Belorussian operations of the Group through increased compliance costs as well as through possible administrative sanctions and disputes. The Belorussian legislation and administrative policy may from time to time be influenced by changes in the political agenda. State intervention is possible beyond what is expressly permitted by law, and administrative discretion may be exercised in a manner that is detrimental to a particular market participant or a whole industry.

The Ukrainian political system, on the other hand, though showing signs of improvement, also remains unstable and prone to abrupt and unpredictable changes. The Group is closely monitoring the situation to remain informed of the recent developments.

The Group intends to continue its operations in the Eastern European region and, with the addition of new markets to the span of its corporate structure, may face similar risks in other foreign countries which are not members of the European Union. This may have a negative effect on the speed of expansion and the results of foreign operations as a whole.

Risks Related to the Offering and the Listing

An active market for the Shares may not develop

Prior to this Offering, there has been no public market for the Shares. The Company can not provide any assurance an active trading market for Shares will emerge, develop or be sustained after the completion of the Offering. The Offer Price will be determined through negotiations among the Managers, the Company and the shareholders of the Company. This initial Offer Price may vary from the market price of the Shares after the Offering. If you purchase any Shares, you may not be able to resell those Shares at or above the Offer Price.

The price of the Shares after this Offering may be volatile and may fluctuate significantly in response to numerous factors including the actual or anticipated fluctuations in the quarterly and annual results of the Company and those of its publicly-held competitors; industry and market conditions; mergers and strategic alliances in the gaming industry; changes in laws and regulations; shortfalls in the operating results of the Company or its competitors compared to levels forecast by investment analysts; public announcements concerning the Company or its competitors; global and regional economic conditions and the general state of securities markets. Many of these factors may be beyond the control of the Company and are difficult or impossible to predict.

Volatility and limited liquidity of stocks listed on the Tallinn Stock Exchange

Application has been made to the Tallinn Stock Exchange for Shares to be admitted to trading on the Tallinn Stock Exchange's market for listed securities. Though every effort will be made to ensure that listing will occur, the Company can not provide any assurance that Shares will be admitted to trading.

The average daily trading turnover on the Tallinn Stock Exchange from 1 January 2005 to 31 December 2005 was EEK118.8 million. From 1 January 2006 to 30 June 2006 the average daily turnover was respectively EEK53.8 million. A total of 16 companies were listed on the Tallinn Stock Exchange as of 30 June 2006. As of 30 June 2006, the two largest companies in terms of market capitalization, AS Eesti Telekom and AS Tallink Grupp, represented approximately 55% of the Tallinn Stock Exchange's aggregate market capitalization of approximately EEK42.5 billion. Consequently, the Tallinn Stock Exchange is substantially less liquid and more volatile than established markets such as those in other countries with highly developed securities markets. The relatively small market capitalization and low liquidity of the Tallinn Stock Exchange may impair the ability of shareholders to sell Shares on the Tallinn Stock Exchange, which could increase the volatility of the price of Shares. The delisting of any of the large companies listed on the Tallinn Stock Exchange would be likely to have a negative effect on the market capitalization and liquidity of the Tallinn Stock Exchange as a whole.

Since the Tallinn Stock Exchange is characterised by relatively low investor activity, the impact of individual transactions on the market price of securities may be significant. Lower investor activity may lead to wider spreads between the bid and ask prices and a correspondingly lower liquidity of traded securities.

Harmonisation of the Tallinn Stock Exchange with other OMX Exchanges

The Tallinn Stock Exchange, where Shares are expected to be listed, is a part of the OMX Exchanges. Currently the Tallinn Stock Exchange is in the process of harmonizing its standards with those of OMX. While the implementation of the related changes might cause some disruption in the trading in Shares, the Company expects that in the longer term it will benefit from relying on a uniform trading system in the Northern European region. OMX group is also intending to create a pan-Nordic and Baltic stock exchange list, the details of which have not been released. Should the Company fail to meet the criteria for such a combined list, that may affect the liquidity of Shares.

Payment of dividends

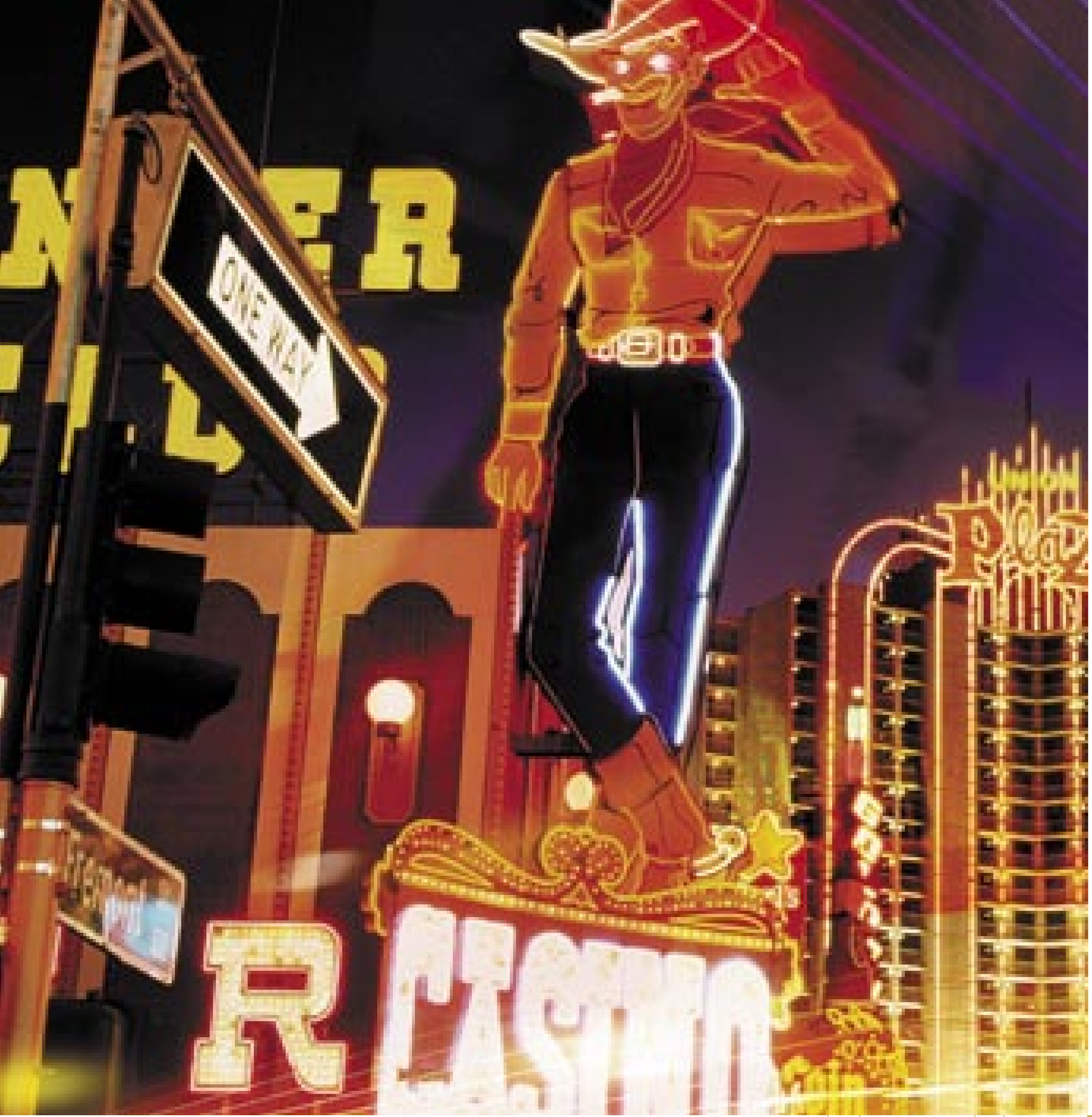
The Company is under no lasting and definite obligation to pay regular dividends to its shareholders and no representation can be made with respect to the payment and amount of future dividends. The Management's recommendations for the distribution of profit will be based on financial performance, working capital requirements, reinvestment needs and strategic considerations which may not necessarily coincide with the short-term interests of all shareholders. The payment of dividends and the amount thereof will be subject to the ultimate discretion of the majority of the Company's shareholders.

Analysts may stop publishing research or reports on the Company

There is no guarantee of continued analyst research coverage for the Company. Over time, the amount of third party research available in respect of the Company may increase or decrease with little or no correlation with the actual results of its operations as Company has no influence on the analysts who prepare such reports. Negative or insufficient third party reports would be likely to have an adverse effect on the market price and the trading volume of Shares.

Major shareholders

Despite the Offering, the Company will remain under the control of OÜ HansaAssets, which in turn is 100% owned and controlled by Mr. Armin Karu, the chairman of the Management Board of the Company. Following the completion of the Offering (and assuming that the Over-Allotment Option has been exercised in full) OÜ HansaAssets will hold approximately 51.7% of the Shares of the Company. OÜ Hendaya Invest (100% owned and controlled by Mr. Jaan Korpusov, a member of the Supervisory Board of the Company) will also remain a major shareholder with approximately 27.8% of all Shares. With a combined ownership stake in the Company that is close to 80%, said shareholders will be able to adopt a majority of the corporate decisions that are in the competence of the General Meeting of shareholders of the Company or block such decisions.



Summary of Financial Information

The table below presents certain selected consolidated financial information of the Company for the financial years ended 31 December 2003, 2004, 2005 and for the first six months ended 30 June 2006 (compared, where possible, with the results for six months ended 30 June 2005). This information has been derived from the audited consolidated financial statements of the Company included elsewhere in this Prospectus (with the exception of the information for six months ended 30 June 2005, of which only the income statement has been audited). This information should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and the related notes. The financial statements of the Company have been prepared in accordance with the international financial reporting standards, as adopted by the European Union ("IFRS").

The ratios and indicators set forth in the table below are provided to illustrate certain aspects of the business of the Company and its financial performance. Certain of these ratios and indicators are used by the Management to evaluate the performance of the Company, while others are provided for the benefit of investors considering an investment in the Offer Shares. Although certain of these ratios and indicators are not calculated in accordance with the IFRS, the Management believes that the ratios and indicators set forth below are customary and often used by public companies to illustrate their business and financial performance.

Year ended 31 December

Income statement (EEK in thousands)	2003	2004	2005	2005H1	2006H1
Revenue	**469,057**	**621,486**	**879,894**	**355,636**	**724,521**
Operating profit	**47,978**	**144,233**	**223,482**	**65,972**	**177,929**
Profit before income tax and minority interests	42,441	141,697	221,618	64,366	171,519
Net profit for the financial period*	**37,101**	**128,659**	**207,119**	**59,518**	**145,270**
Balance sheet (EEK in thousands)	**2003**	**2004**	**2005**	**2005H1**	**2006H1**
Cash and cash equivalents	63,171	92,964	198,903	98,945	219,116
Trade receivables	3,592	3,336	5,894	5,147	10,157
Non-trade receivables	11,865	17,932	31,969	23,200	36,212
Inventories	5,656	11,407	19,802	13,512	26,820
Current assets	**84,283**	**125,638**	**256,569**	**140,805**	**292,305**
Long-term investments	31,670	37,169	27,561	36,915	53,315
Total fixed assets	245,685	332,227	503,834	393,169	652,902
Intangible assets	13,968	14,695	156,978	14,277	144,839
Total non-current assets	**291,324**	**384,091**	**688,373**	**444,362**	**851,056**
Total assets	**375,607**	**509,729**	**944,942**	**585,166**	**1,143,360**
Current liabilities	**68,274**	**87,649**	**118,494**	**93,452**	**258,263**
Non-current liabilities	**53,770**	**36,458**	**230,608**	**52,899**	**160,116**
Total liabilities	**122,044**	**124,108**	**349,102**	**146,351**	**418,378**
Total shareholders´equity	**253,563**	**385,621**	**595,839**	**438,815**	**724,982**
Total liabilities and shareholders equity	**375,607**	**509,729**	**944,942**	**585,166**	**1,143,360**
Cash flow data (EEK in thousands)	**2003**	**2004**	**2005**	**2005 H1**	**2006 H1**
Cash flow from operating activities	80,660	191,333	321,373	82,465	232,964
Cash flow used in investing activities	-129,553	-140,868	-382,331	-54,930	-176,421
Cash flow from financing activities	47,888	-17,273	152,689	-22,160	-21,012

Key ratios and indicators

Ratios and indicators	2003	2004	2005	2006 H1	
Weighted average number of shares **	60,000,000	60,000,000	60,000,000	60,000,000	
Adjusted weighted average number of shares ***	75,400,000	75,400,000	75,400,000	75,400,000	
Earnings per share (EPS), EEK	0.62	2.14	3.62	4.88	****
Adjusted earnings per share, EEK	0.49	1.71	2.75	3.88	
Revenue per employee (EEK in thousands)	558	522	454	577	****
EBITDA (EEK in thousands)	89,569	201,555	302,018	265,833	
EBITDA margin %	19.1	32.4	34.3	36.7	
Operating profit margin %	10.2	23.2	25.4	24.6	
Return on investment (ROI) %	16.3	36.7	35.0	46.5	****
Return on assets (ROA) %	14.7	32.6	30.7	38.8	****
Return on equity (ROE)	15.5	40.3	42.2	50.3	****
Equity ratio %	67.5	75.7	63.1	63.4	

* attributable to the equity shareholders of the parent company

** the number of Shares prior to the Offering is 60,000,000; for the purposes of comparability, the same number is used for historical per share information

*** adjusted for the results of the Offering, provided that the Over-Allotment Option is exercised in full

**** for the sake of comparability with historical financial information, income statement data is calculated from 1 July 2005 until 30 June 2006

1 EBITDA	=	Earnings before net financial items, share of profit of associates, taxes, depreciation and amortization. EBITDA is included as a supplemental item, since the Management believes that EBITDA, when considered in conjunction with cash flows from operating, investing and financing activities, may provide useful information. EBITDA is not a measure of operating performance calculated in accordance with IFRS and should not be considered as a substitute for operating profit, net income, cash flow from operations or other profit or loss or cash flow data determined in accordance with IFRS.
2 EBITDA margin	=	EBITDA / Revenue. The EBITDA margin measures the relationship between different measures of profitability and revenue providing information about a company's profitability from the operations of its business and is independent of the company's financing and tax position as well as depreciation-related estimates.
3 Operating profit margin	=	Operating profit / Revenue. The operating profit margin measures the relationship between different measures of profitability and revenue providing information about a company's profitability from the operations of its business and is independent of both the company's financing and tax position.
4 Return on investment (ROI)	=	(Profit after net financial cost + Interest expense) / (Average total assets—average interest free liabilities). Return on investment measures the relationship between profits and the investment required to generate them.
5 Return on assets (ROA)	=	Operating profit / Average total assets. Return on assets compares income with total assets (i) measuring management's ability and efficiency in using the firm's assets to generate (operating) profits and (ii) reporting the total return accruing to all providers of capital (debt and equity), independent of the source of capital.
6 Return on equity (ROE)	=	Net profit / Average equity. Return on equity excludes debt in the denominator and compares net income with total shareholders' equity. It measures the rate of return on shareholders' investment and is, therefore, useful in comparing the profitability of a company with its competitors.
7 Equity ratio	=	Equity / Total assets. Equity ratio is a measure of financial leverage which highlights the ratio of shareholders' equity to total assets. The analysis of a company's financial leverage (or capital structure) is essential to evaluate its long-term risk and return prospects.

Capitalisation

The volume of the balance sheet of the Company as of the end of financial year ended 31 December 2005 was EEK944.9 million (app. EUR60.4 million), a 85% increase compared to financial year ended 31 December 2004. Of the above, current assets formed 27% or EEK256.6 million (app. EUR16.4 million), with the remaining 73% (EEK688.4 million or app. EUR44 million) in fixed assets. As of 30 June 2006, the volume of the balance sheet stood at app. EEK1.14 billion, a 21% increase compared to the volume balance sheet at the end of financial year 2005. Current assets stood at EEK292.3 million (26% of the balance sheet) and non-current assets stood at EEK851.1 million (74% of the balance sheet).

The obligations of the Company at the end of financial year ended 31 December 2005 were EEK349.1 million or app. EUR22.3 million, resulting in total net assets of EEK595.8 million (app. EUR38 million), including a secured loan from AS Hansapank (under which the total amount drawn is EUR14.5 million out of the available credit facility of EUR31.5 million). The Company does not have any noticeable external financing than the aforementioned loan from AS Hansapank.

As of 30 June 2006, the total liabilities were EEK418.4 million, while consolidated equity amounted to EEK725 million.

The capitalization of the Company as of 30 June 2006 is illustrated by the following table (actual capitalisation and capitalisation adjusted for the results of the Offering).

million EEK	**Actual**	**As adjusted***
Short-term interest bearing liabilities	78	78
Long-term interest bearing liabilities	149	149
Shareholders' equity (including minority share)	725	1,930
Total capitalization and indebtedness	**952**	**2,157**

**Provided that the Over-Allotment Option is exercised in full*

COMPANY

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CO-LEAD MANAGER AND ADVISOR TO THE COMPANY

AS LHV FINANCIAL ADVISORY SERVICES
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LEGAL COUNSEL TO THE COMPANY

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LEGAL COUNSEL TO THE MANAGERS

AS ADVOKAADIBÜROO TARK & CO
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AUDITOR

KPMG BALTICS AS
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