

Olympic Entertainment Group AS

Consolidated interim financial statements for the Q3 and 9 months of 2016 (unaudited)

(translation of the Estonian original)*

Beginning of reporting period	1 January 2016
End of reporting period	30 September 2016
Business name	Olympic Entertainment Group AS
Registration number	10592898
Address	Pronksi 19, Tallinn 10124
Telephone	+372 667 1250
Fax	+372 667 1270
E-mail	info@oc.eu
Website	www.olympic-casino.com
Core activity	Provision of gaming services
Auditor	AS PricewaterhouseCoopers

*This version of consolidated interim financial statements is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of consolidated interim financial statements takes precedence over this translation.

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Corporate profile

Olympic Entertainment Group AS with its subsidiaries (hereinafter the “Group”) is the leading provider of gaming services in the Baltic States (Estonia, Latvia and Lithuania) and operates casinos in Slovakia, Italy and Malta.

Olympic Entertainment Group AS is the Group’s ultimate holding company, organising the strategic management and financing of the Group. The operations of local casinos are controlled by local subsidiaries.

The shares of Olympic Entertainment Group AS are listed on the Tallinn and Warsaw Stock Exchanges (OMX: OEG1T / WSE: OEG).

As at 30 September 2016, the Group had a total of 123 casinos and 32 betting points. The Group operated 24 casinos in Estonia, 57 in Latvia, 18 in Lithuania, 1 in Poland, 8 in Slovakia, 1 in Belarus, 15 in Italy and 1 in Malta. The Group employed 3,069 employees in 8 countries.

Group entities include:

	Domicile	Ownership 30.09.2016	Ownership 31.12.2015	Area of activity
Olympic Casino Eesti AS	Estonia	95%	95%	Gaming services
Kungla Investeeringu AS	Estonia	100%	100%	Bar services
OÜ Oma & Hea	Estonia	95%	0%	Bar services
Kesklinna Hotelli OÜ	Estonia	0%	100%	Hotel real estate development
Fortuna Travel OÜ	Estonia	100%	100%	Hotel operations
Nordic Gaming OÜ	Estonia	100%	100%	Holding activities
Kasiino.ee OÜ	Estonia	100%	100%	Internet solutions
Olympic Casino Latvia SIA	Latvia	100%	100%	Gaming services
Ahti SIA	Latvia	100%	100%	Bar services
SIA Garkalns	Latvia	100%	100%	Gaming services
Olympic Casino Group Baltija UAB	Lithuania	100%	100%	Gaming services
Mecom Grupp UAB	Lithuania	100%	100%	Bar services
UAB Orakulas	Lithuania	100%	100%	Gaming services
Silber Investments Sp. z o.o.	Poland	100%	100%	Holding activities
Baina Investments Sp. z o.o.	Poland	100%	100%	Holding activities
Casino-Polonia Wroclaw Sp. z o.o.	Poland	100%	80%	Gaming services
Ultramedia Sp. z o.o.	Poland	100%	100%	Holding activities
Olympic Casino Slovakia S.r.o	Slovakia	100%	100%	Gaming services
OlyBet Slovakia S.r.o.	Slovakia	100%	100%	Gaming services
Olympic F & B S.r.o.*	Slovakia	0%	100%	Bar services
Olympic Casino Bel IP	Belarus	100%	100%	Under liquidation
The Box S.r.l.	Italy	100%	100%	Holding activities
Jackpot Game S.r.l.	Italy	100%	100%	Gaming services
Slottery S.r.l.	Italy	100%	100%	Gaming services
Siquia Holding B.V.	Holland	0%	95%	Liquidated
Jessy Investments B.V.	Holland	100%	100%	Holding activities
Gametech Services Ltd	Jersey	100%	100%	Software services
Brandhouse Ltd	Jersey	100%	100%	Holding activities
OEG Malta Holding Ltd	Malta	100%	100%	Holding activities
OEG Malta Gaming Ltd	Malta	100%	100%	Holding activities

* On 1 April 2016 Olympic F & B S.r.o. was merged with Olympic Casino Slovakia S.r.o., therefore the ownership as at 30 September 2016 equals 0%.

Our vision

Our vision is to be a global casino and resort operator, best known for our excellent service and creative design.

Our mission

To give our guests a customer orientated, secure and safe environment with the finest design and craftsmanship, unparalleled in the industry and supported by the excellence of our name and reputation.

Declaration of the management

The members of the management confirm that according to their best knowledge, the interim financial statements, prepared in accordance with the accounting standards in force, give a true and fair view of the assets, liabilities, financial position and profit or loss of Olympic Entertainment Group AS and the Group entities involved in the consolidation as a whole, and the management report gives a true and fair view of the development and results of the business activities and financial position of Olympic Entertainment Group AS and the Group entities involved in the consolidation as a whole and contains a description of the main risks and doubts.



Madis Jääger
Chairman of the Management Board



Meelis Pielberg
Member of the Management Board

25 October 2016

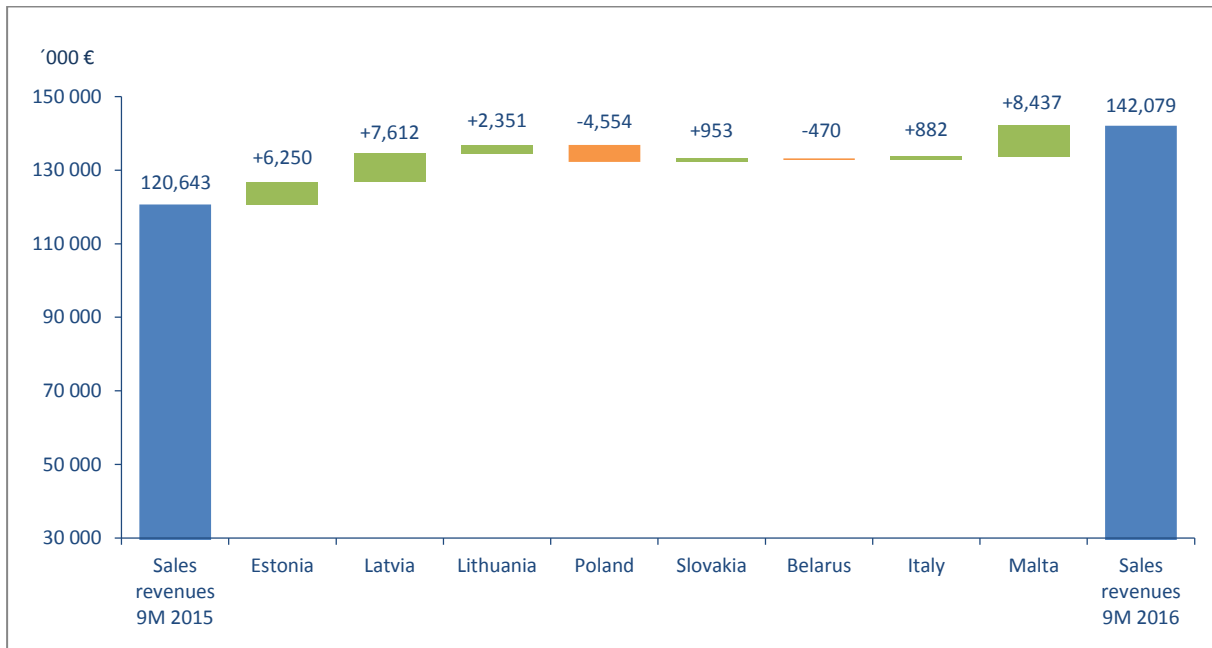
Management report

Overview of the economic activities

Key developments of the Group during the first nine months of 2016:

- The Group's consolidated sales revenues for 9 months of 2016 amounted to EUR 142.1 million, up 17.8% or EUR 21.4 million y-o-y.
- Gaming revenues accounted for 92.6% (131.5 m€) and other revenues for 7.4% (10.6 m€) of the Group's consolidated sales revenues for 9 months of 2016. A year before the revenue split was 93.9% (113.3 m€) and 6.1% (7.3 m€), respectively.
- The Group's consolidated EBITDA for 9 months of 2016 amounted to EUR 44.2 million, a growth of 51.4% from EUR 29.2 million a year before. The Group's consolidated operating profit increased EUR 4.5 million (19.3%) to EUR 27.7 million.
- The Group's consolidated net profit attributable to equity holders of the parent company for 9 months of 2016 totalled EUR 23.7 million compared to EUR 19.6 million a year ago.
- Group company Baina Investments Sp. z o.o. signed the agreement on 14 January 2016 to acquire a 20% holding in the Polish subsidiary Casino Polonia-Wroclaw Sp. z o.o., increasing Group holding to 100%.
- After receiving an approval from the Estonian Competition Authority, on 16 February 2016 Group completed the acquisition of 100% shareholding in Estonian casino operator AS MC Kasiinod, which is also the 100% owner of the subsidiary OÜ Oma & Hea, which is providing casino bar services. As a result of the completion of the transaction Group owns 24 casinos in Estonia.
- The Estonian subsidiaries of Group, Olympic Casino Eesti AS and the casino operating company AS MC Kasiinod which was acquired in winter of 2016, concluded a merger agreement on 21 March 2016. The merger was finalised in May 2016 and during the course of the merger AS MC Kasiinod merged with Olympic Casino Eesti AS.
- The Slovak subsidiaries of Group, Olympic Casino Slovakia S.r.o. and Olympic F&B S.r.o., concluded a merger agreement on 22 March 2016. The merger was finalised in April 2016 and during the course of the merger Olympic F&B S.r.o. merged with Olympic Casino Slovakia S.r.o.
- On 31 March 2016 Group decided to liquidate its Dutch subsidiary Siquia Holding B.V., which does not have any business activity. The area of activity for the subsidiary was holding activities. The liquidation was finalised on 30 June 2016.
- The Latvian subsidiaries of Group, Olympic Casino Latvia SIA AS and the casino operating company SIA Garkalns which was acquired in autumn 2015, concluded a merger agreement on 20 May 2016. The merger will be finalised within the current year and during the course of the merger SIA Garkalns will be merged with Olympic Casino Latvia SIA.
- On 1 June 2016 Group opened a new hotel and entertainment complex in Tallinn investing over 45 million euros in the building that accommodates the Baltic's first Hilton and the flagship casino of OEG.
- The general meeting of shareholders held on 16 June 2016 decided to pay out dividends in amount of EUR 22,768,680.90 (EUR 0.15 per share), of which EUR 0.10 per share was paid out to shareholders on 15 July 2016 and EUR 0.05 was paid out to shareholders on 14 October 2016.
- On 15 July 2016 Group company Jessy Investments B.V. entered into an agreement to divest the 100% holding in its Estonian subsidiary Kesklinna Hotelli OÜ that owns the hotel and entertainment complex building in Tallinn, where the Hilton Tallinn Park hotel and the flagship casino of OEG group, Olympic Park Casino, are based in. The buyer was East Capital group company ECB3 Tallinn OÜ. The transaction price was 48 million euros and profit 17.8 million euros. The aim of the sales transaction was to release capital that has been invested into real estate and to focus on the core business of the group – operating casino and entertainment complexes. The hotel and casino operations that are in the building were not part of the sales transaction and will continue to be owned by the Group.
- On 23 September 2016 the Group announced that it is forced to freeze active operations in Poland from 24 September 2016 due to the lack of valid location specific activity license, but remains to be interested in continuing its operations in the Polish market and plans to participate in the upcoming public tenders for the licenses. The main purpose of freezing the active operations is to minimise the everyday costs and expenses.
- On 23 September 2016 the Group announced of its decision to exit Belarus gaming market due to the inefficient operations caused by the macroeconomic situation and poor prospects to increase profitability in Belarus.

The Group's consolidated sales revenue bridge by segments:



The Group's consolidated sales revenues by segments:

'000€	Q3 2016	Q3 2015	Change	9M 2016	9M 2015	Change
Estonia	12,319	8,804	39.9%	32,441	26,216	23.7%
Latvia	17,034	14,598	16.7%	48,263	40,651	18.7%
Lithuania	6,038	5,190	16.3%	18,330	15,979	14.7%
Poland	4,300	4,745	-9.4%	13,530	18,084	-25.2%
Slovakia	3,966	3,921	1.2%	12,679	11,726	8.1%
Belarus	0	169	-100.0%	186	656	-71.7%
Italy	2,748	2,506	9.7%	8,213	7,331	12.0%
Malta	3,699	0	N/A	8,437	0	N/A
Total	50,104	39,933	25.5%	142,079	120,643	17.8%

Share of segments in the Group's sales revenues:



At the end of September 2016, the Group had 123 casinos with total floor area of 38,435 m² (+8,092 m²) and 32 betting points with total floor area of 900 m².

Number of casinos by segment:

	<u>30 September 2016</u>	<u>30 September 2015</u>
Estonia	24	20
Latvia	57	37
Lithuania	18	18
Poland	0	1
Slovakia	8	7
Belarus	0	2
Italy	15	12
Malta	1	0
Total	123	97

The Group's consolidated operating expenses for 9 months of 2016 amounted to EUR 132.7 million, up 35.7% or EUR 34.9 million y-o-y. The growth was highest in amortisation and depreciation costs largely due to impairment of goodwill and assets in Poland (+10.5 m€, +177.0%), personnel expenses (+7.9 m€, +24.6%), gaming tax (+3.4 m€, +15.1%), marketing expenses (+2.8 m€, +36.2%) and rent expenses (+2.2 m€, +23.4%). Personnel expenses (40.2 m€) and gaming tax (25.7 m€) represented the largest cost items accounting for 49.6% of total operating expenses.



Key performance indicators of the Group

		9M 2016	9M 2015	9M 2014
Revenues	m€	160.4	121.0	110.4
Gaming tax	m€	25.7	22.3	21.2
EBITDA	m€	44.2	29.2	27.1
EBIT	m€	27.7	23.3	20.8
Net profit	m€	23.7	19.6	17.2
EBITDA margin	%	27.6	24.1	24.5
Operating margin	%	17.3	19.2	18.8
Net margin	%	14.8	16.2	15.6
Assets	m€	153.7	135.3	120.7
Equity	m€	123.8	115.0	105.0
ROE	%	20.3	18.8	18.2
ROA	%	15.0	15.3	15.0
Current ratio	times	1.7	2.5	2.9
Casinos at end of period	#	123	97	97
Casino floor area at end of period	m ²	38,435	30,343	32,119
Betting points at the end of period	#	32	0	0
Betting points floor area at end of period	m ²	900	0	0
Employees	#	3,069	2,636	2,621
Slot machines at end of period	#	4,137	3,372	3,432
Electronic roulette terminals at the end of period	#	112	104	96
Gaming tables at end of period	#	164	185	191
Tournament poker gaming tables at the end of period	#	64	46	46

Underlying formulas:

- EBITDA = earnings before financial expenses, taxes, depreciation and amortisation and impairment losses
- Operating profit = profit before financial expenses and taxes
- Net profit = net profit for the period less non-controlling interests
- EBITDA margin = EBITDA / revenue
- Operating margin = operating profit / revenue
- Net margin = net profit / revenue
- ROE = net profit / average total equity attributable to the shareholders of the parent company
- ROA = net profit / average total assets
- Current ratio = current assets / current liabilities

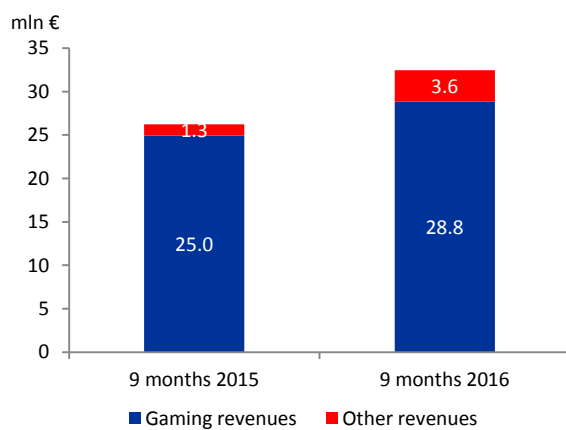
Overview by markets

Estonia

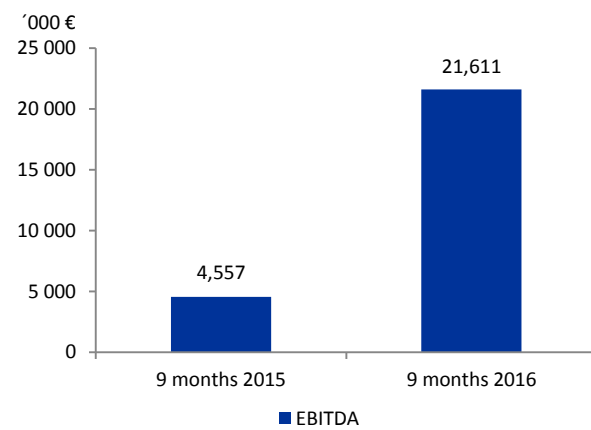
The sales revenues of Estonian segment for 9 months of 2016 amounted to EUR 32.4 million (+6.2 m€, +23.7%), EBITDA to EUR 21.6 million (+17.1 m€, +374.3%) and operating profit to EUR 19.0 million (+15.9 m€, +507.8%). Gaming revenue increased 15.5% y-o-y amounting to EUR 28.8 million. Sales revenues increased partially due to hotel sales revenues. EBITDA and operating profit increased largely due to the profit from the hotel real estate sales transaction in amount of EUR 17.8 million.

At the end of Q3 2016, there were 24 Olympic casinos with 990 slot machines, 36 electronic roulette terminals, 24 gaming tables and 22 poker tournament tables operating in Estonia. As at 30 September 2016 Estonian operations employed 698 people.

Sales revenues



EBITDA

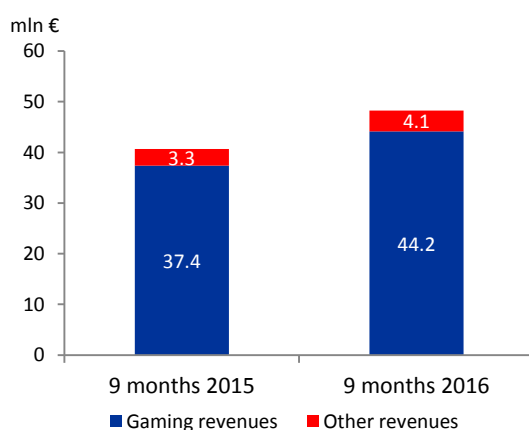


Latvia

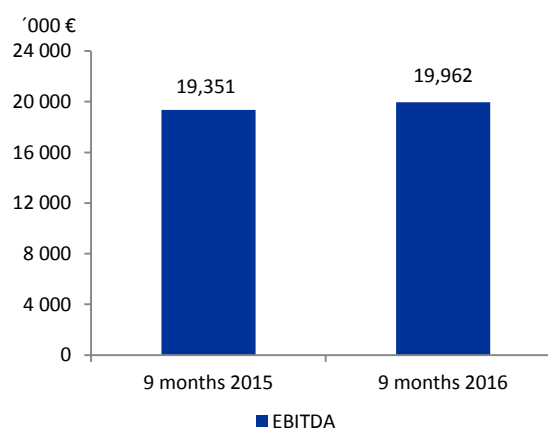
The sales revenues of Latvian segment for 9 months of 2016 amounted to EUR 48.3 million (+7.6 m€, +18.7%), EBITDA to EUR 20.0 million (+0.6 m€, +3.2%) and operating profit to EUR 17.3 million (+0.1 m€, +0.9%). Gaming revenue increased 18.1% y-o-y amounting to EUR 44.2 million.

At the end of Q3 2016, there were 57 Olympic casinos with 1,497 slot machines, 8 electronic roulette terminals, 19 gaming tables and 9 poker tournament tables operating in Latvia. As at 30 September 2016 Latvian operations employed 941 people.

Sales revenues



EBITDA

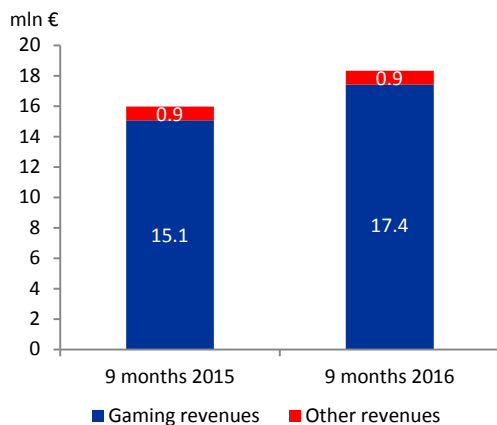


Lithuania

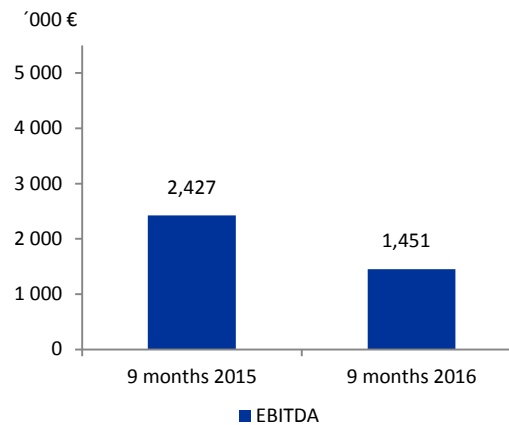
The sales revenues of Lithuanian segment for 9 months of 2016 amounted to EUR 18.3 million (+2.4 m€, +14.7%), EBITDA to EUR 1.5 million (-1.0 m€, -40.2%) and operating profit to EUR 0.3 million (-1.3 m€, -81.9%). Gaming revenue increased 15.5% y-o-y amounting to EUR 17.4 million.

At the end of Q3 2016, there were 18 Olympic casinos with 534 slot machines, 8 electronic roulette terminals, 58 gaming tables and 2 poker tournament tables and 32 betting shops operating in Lithuania. As at 30 September 2016 Lithuanian operations employed 780 people.

Sales revenues



EBITDA

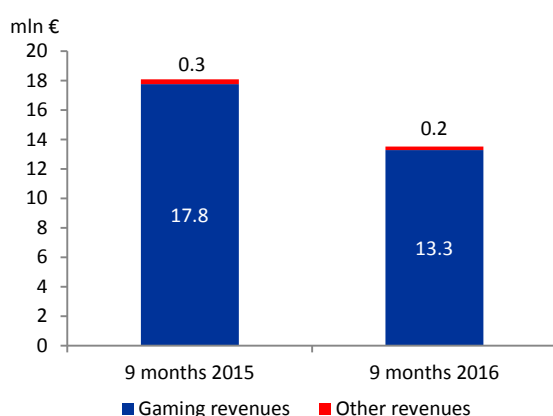


Poland

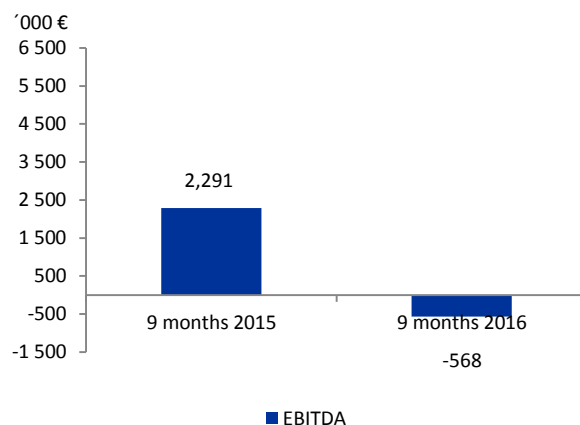
The sales revenues of Polish segment for 9 months of 2016 amounted to EUR 13.5 million (-4.6 m€, -25.2%), EBITDA to EUR -0.6 million (-2.9 m€, -124.8%) and operating loss to EUR 8.8 million (-10.7 m€, -577.7%). Gaming revenue decreased 25.3% y-o-y amounting to EUR 13.3 million. Operating loss was caused by the impairment of goodwill and assets due to freezing active operations.

Polish flagship casino was closed on 23 September 2016 due to expiration of location specific activity license. As at 30 September 2016 Polish operations employed 39 people.

Sales revenues



EBITDA

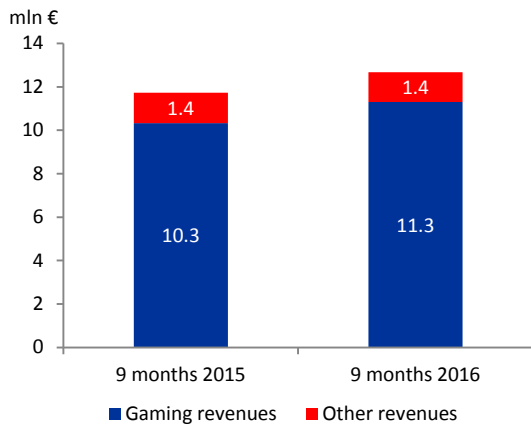


Slovakia

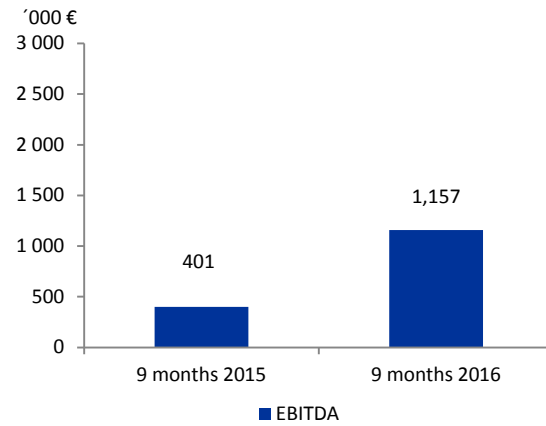
The sales revenues of Slovak segment for 9 months of 2016 amounted to EUR 12.7 million (+1.0 m€, +8.1%), EBITDA to EUR 1.2 million (+0.8 m€, +188.8%) and operating profit to EUR 0.3 million (+0.7 m€). Gaming revenue increased 9.4% y-o-y amounting to EUR 11.3 million.

At the end of Q3 2016, there were 8 Olympic casinos with 292 slot machines, 42 electronic roulette terminals, 44 gaming tables and 21 poker tournament tables operating in Slovakia. As at 30 September 2016 Slovak operations employed 312 people.

Sales revenues



EBITDA

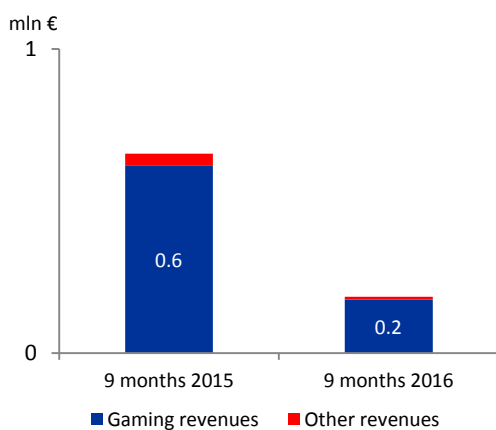


Belarus

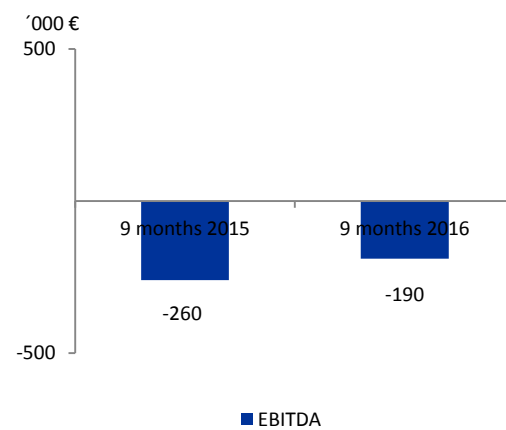
The sales revenues of Belarus segment for 9 months of 2016 amounted to EUR 0.2 million (-0.5 m€, -71.7%), EBITDA to EUR -0.2 million (+0.1 m€) and operating loss to EUR 0.2 million (+0.1 m€). As at 30 September 2016 Belarus operations employed 6 people.

The Group has announced of its decision to exit Belarus gaming market due to the inefficient operations caused by the macroeconomic situation and poor prospects to increase profitability in Belarus.

Sales revenues



EBITDA

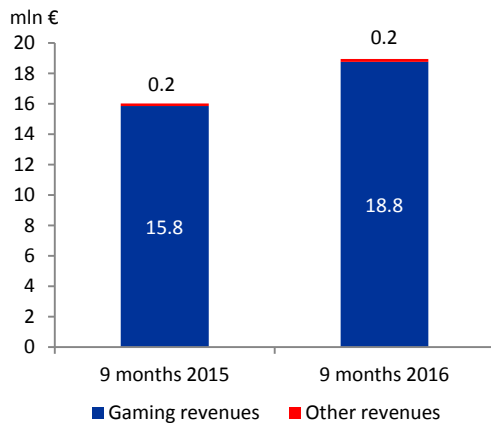


Italy

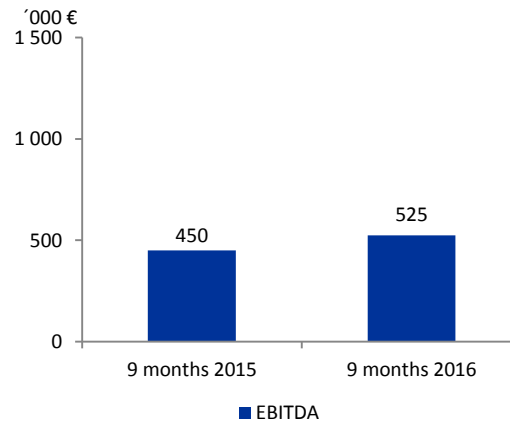
The sales revenues of Italian segment before deducting the gaming tax of Italy for 9 months of 2016 amounted to EUR 18.8 million (+2.9 m€, +18.4%), EBITDA to EUR 0.5 million (+0.1 m€, +16.5%) and operating profit to EUR 0.3 million (+0.2 m€, +123.7%).

At the end of Q3 2016, there were 15 VLT slot casinos with 539 slot machines operating in Italy. As at 30 September 2016 Italian operations employed 82 people.

Sales revenues



EBITDA



Malta

The sales revenues of Maltese segment for 9 months of 2016 amounted to EUR 8.4 million, EBITDA to EUR 0.3 million and operating loss to EUR 0.5 million.

At the end of September 2016, there was 1 Olympic casino with 285 slot machines, 18 electronic roulette terminals, 19 gaming tables and 10 poker tournament tables operating in Malta. As at 30 September 2016 Maltese operations employed 211 people.

Financial position

As at 30 September 2016, the total assets of the Group amounted to EUR 153.7 million, up 13.6% or EUR 18.4 million compared to the same period a year ago.

Current assets totalled EUR 48.3 million or 31.4% of total assets, and non-current assets EUR 105.4 million or 68.6% of total assets. The liabilities amounted to EUR 29.9 million and equity to EUR 123.8 million. The largest liabilities included dividend liabilities (7.6 m€), suppliers payables and advances (6.6 m€), tax liabilities (5.5 m€) and payables to employees (5.2 m€).

Investments

Within 9 months of 2016, the Group's expenditures on property, plant and equipment totalled EUR 28.5 million (+9.8 m€, +52.5%), of which EUR 24.4 million was invested into construction of hotel and construction and reconstruction of casinos (+10.0 m€, +69.2%) and EUR 3.2 million into new gaming equipment (-0.7 m€, -16.9%).

Cash flows

Group's 2016 9 months cash flows generated from operating activities amounted to EUR 26.0 million (+0.4 m€) and cash flows used in investing activities to EUR -22.1 million (-6.2 m€). Financing cash flows amounted to EUR 1.6 million (+15.1 m€). Net cash flows totalled EUR 5.5 million (+9.2 m€).

Staff

As at 30 September 2016 Group employed 3,069 people, up by 433 y-o-y mostly due to expansion in Estonia, Latvia and Malta.

Within the first 9 months of 2016, total personnel expenses amounted to EUR 40.2 million (+7.9 m€, +24.6%). For the first 9 months of 2016, the members of the Management Board and Supervisory Board of all Group entities were paid remuneration and benefits including social security taxes in the amount of EUR 1,032 thousand (EUR 620 thousand for 9 months of 2015) and EUR 111 thousand (EUR 111 thousand for 9 months of 2015), respectively.

Description of main risks

The risk management policy of the Group is based on the requirements established by regulative bodies, generally accepted practices and internal regulations of the Group. The Group is guided by the principle to manage risks in a manner that ensures an optimal risk to income ratio. As part of the risk management of the Group, all potential risks, their measurement and control are defined, and an action plan is prepared to reduce risks, thereby ensuring the achievement of financial and other strategic objectives of the Group.

Business risks

The macro-economic development of operated markets and related changes in the consumption habits of clients are the factors that influence the Group the most. To manage risks, the Group monitors and analyses the general development of markets and the activities of competitors, as a result of which the Group will adjust operational activities, including marketing activities, if necessary.

The gaming sector as a whole is significantly influenced by regulative changes and supervisory activities at the state and local level. The Group estimates that the regulative risk is managed by presence in seven different jurisdictions.

Currency risk

The Group earns income in euros, thus changes in exchange rates of foreign currencies against the euro have no major effect on the Group's operating profit.

The functional currencies of subsidiaries within the Group and the US dollar (USD) can be used for managing the currency risk.

Credit risk

The Group's settlements with clients are to a great extent immediately carried out in cash or by payment cards. The Group accepts banks with the credit rating of A and B where the most of the Group's funds have been deposited. Credit risk of the Group is related to cash, its equivalents and other positions of financial assets.

Management and Supervisory Boards

The Management Board of Olympic Entertainment Group AS is comprised of two members. In the daily management activities, the Management Board of the Company is independent and is guided by the best interests of all shareholders, thereby ensuring sustainable development of the Company according to the set objectives and strategy. The Management Board also ensures the functioning of internal control and risk management procedures in the Company. The Supervisory Board of Olympic Entertainment Group AS elects members of the Management Board for a term of three years.



Madis Jääger – Chairman of the Management Board and CEO since 2012 (member of the Management Board since 2010). Madis Jääger graduated from Estonian Business School in 2002 with a degree in International Business Administration major in accounting and banking *cum laude*. Madis Jääger owns directly and through the companies controlled by him a total of 75,000 Company's shares.



Meelis Pielberg – member of the Management Board and head of casino operations since 2012. Meelis Pielberg graduated from Estonian Maritime Academy in 2000. Meelis Pielberg owns directly and through the companies controlled by him a total of 50,000 Company's shares.

The Supervisory Board of Olympic Entertainment Group AS is comprised of three members. The General Meeting of Shareholders of Olympic Entertainment Group AS elects members of the Supervisory Management Board for five years.

- Armin Karu – Chairman of the Supervisory Board since 2008. Armin Karu is the founder of the Company. He graduated from Haaga Institute in Finland (International Management Diploma 1998; MBA 2005). Armin Karu owns directly and through the companies controlled by him a total of 68,364,790 Company's shares.
- Jaan Korpusov – member of the Supervisory Board since 2006. Jaan Korpusov graduated from University of Tartu in 1985 the faculty of history. Jaan Korpusov owns directly and through the companies controlled by him a total of 28,761,910 Company's shares.
- Liina Linsi – member of the Supervisory Board since 2006. Liina Linsi graduated from University of Tartu (law) in 1984 *cum laude*. Liina Linsi owns directly and through the companies controlled by her a total of 26,000 Company's shares.

Shares of Olympic Entertainment Group AS

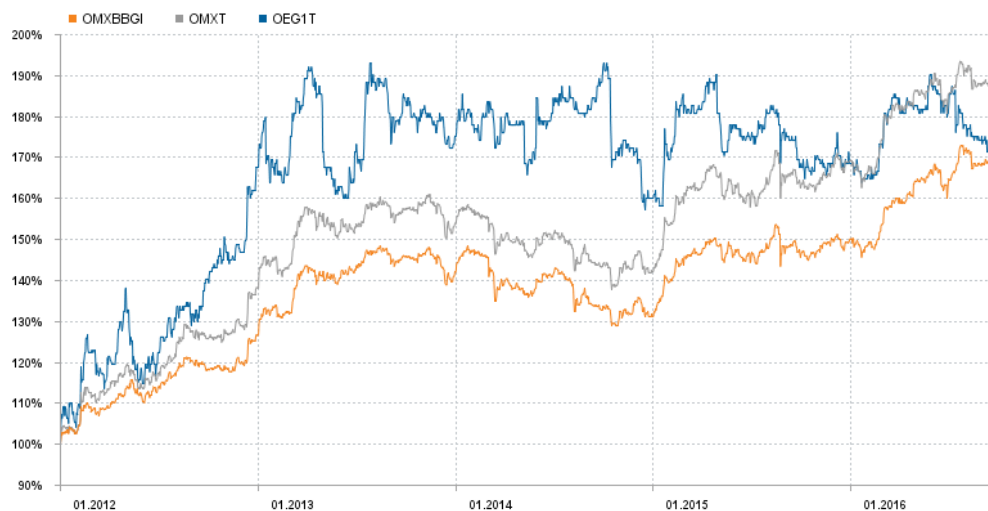
The shares of Olympic Entertainment Group AS are listed in the main list of Tallinn Stock Exchange since 23 October 2006. From 26 September 2007, the shares of Olympic Entertainment Group AS are traded on Warsaw Stock Exchange. The Company's registered share capital is EUR 60,716,482.40. The share capital is divided into 151,791,206 ordinary shares with the book value of EUR 0.40 each.

ISIN	EE3100084021
Ticker symbol	OEG1T
Market	BALTIC MAIN LIST
Number of securities issued	151,791,206
Number of listed securities	151,791,206
Listing date	23 October 2006

Movements in the share price (in EUR) and traded volume (number of securities) of Olympic Entertainment Group AS during the period of 01 January 2012 – 30 September 2016:



Comparison of the share of Olympic Entertainment Group AS with indices during the period of 01 January 2012 – 30 September 2016:

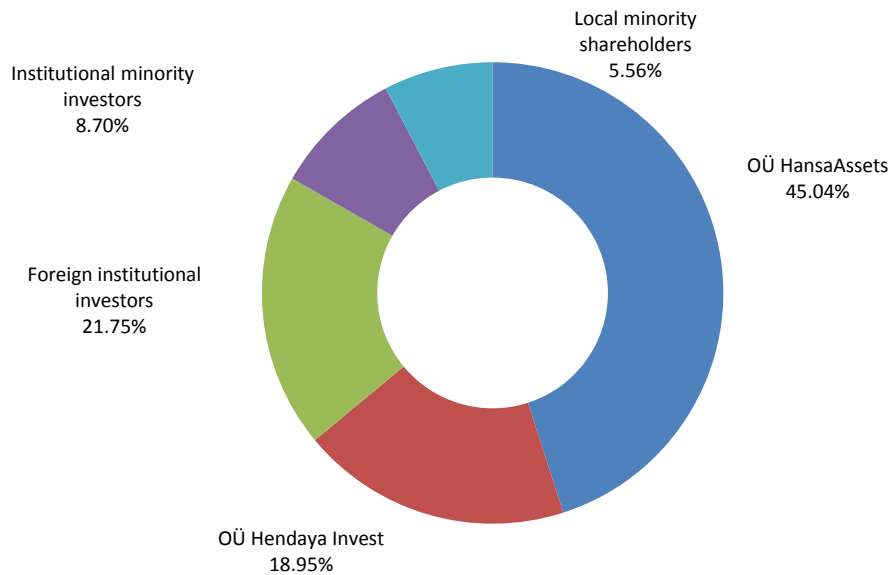


Index/share	01 Jan 2012	30 Sept 2016	+/-%
— OMX Baltic Benchmark GI	431.94	734.28	70.00
— OMX Tallinn	531.17	1,001.34	88.52
— OEG1T	1,062 EUR	1,820 EUR	71.37

Largest shareholders of Olympic Entertainment Group AS at 30 September 2016:

OÜ HANSAASSETS	45.04%
OÜ Hendaya Invest	18.95%
STATE STREET BANK AND TRUST OMNIBUS ACCOUNT A FUND NO OM01	2.23%
J.P.MORGAN BANK LUXEMBOURG S.A./ JPML SA RE UCITS CLIENTS ASSETS	1.90%
RBC INVESTOR SERVICES BANK / LUX-NON RESIDENTS / DOMESTIC RATE	1.67%
Central Securities Depository of Lithuania	1.39%
FIREBIRD REPUBLICS FUND LTD	1.23%
CITIBANK (NEW YORK) / GOVERNMENT OF NORWAY	1.18%
THE NORTHERN TRUST COMPANY/ HARDING LOEVNER FRONTIER EMERGING MARKETS PORTFOLIO	1.15%
NORDEA BANK FINLAND PLC, CLIENTS	1.05%

Structure of Olympic Entertainment Group AS shareholders as at 30 September 2016



Consolidated interim financial statements

Consolidated statement of financial position

	Notes	30.09.2016	31.12.2015
ASSETS			
Current assets			
Cash and cash equivalents		40,202	34,710
Financial investments		880	1,835
Receivables and prepayments		4,956	5,537
Prepaid income tax		631	551
Inventories		1,618	1,366
Total current assets		48,287	43,999
Non-current assets			
Deferred tax assets		423	801
Financial investments		4,208	3,512
Other long-term receivables and prepayments		944	914
Investment property	3	288	288
Property, plant and equipment	4	49,482	58,877
Intangible assets	5	50,094	53,942
Total non-current assets		105,439	118,334
TOTAL ASSETS		153,726	162,333
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	6	0	292
Trade and other payables		26,457	27,680
Income tax payable		201	1,058
Provisions		2,046	1,842
Total current liabilities		28,704	30,872
Non-current liabilities			
Borrowings		722	8,079
Deferred tax liability	6	460	513
Total non-current liabilities		1,182	8,592
TOTAL LIABILITIES		29,886	39,464
EQUITY			
Share capital		60,716	60,716
Share premium		258	258
Statutory reserve capital		4,860	3,574
Other reserves		470	329
Translation reserves		-703	-1,156
Retained earnings		52,189	51,822
Total equity attributable to equity holders of the parent		117,790	115,543
Non-controlling interest		6,050	7,326
TOTAL EQUITY		123,840	122,869
TOTAL LIABILITIES AND EQUITY		153,726	162,333

Consolidated statement of comprehensive income

	Notes	Q3 2016	Q3 2015	9M 2016	9M 2015
Income from gaming transactions	8	45,454	37,431	131,521	113,319
Revenue	8	4,650	2,502	10,558	7,324
Other income	8	17,889	113	18,351	388
Total revenue and income		67,993	40,046	160,430	121,031
Cost of materials, goods and services		-1,485	-913	-3,942	-2,690
Other operating expenses		-23,959	-18,174	-70,115	-56,595
Staff costs		-13,769	-10,032	-40,160	-32,220
Depreciation, amortisation and impairment	4;5	-11,390	-2,024	-16,494	-5,955
Other expenses		-1,679	-122	-1,973	-308
Total operating expenses		-52,282	-31,265	-132,684	-97,768
Operating profit		15,711	8,781	27,746	23,263
Interest income		11	10	58	41
Interest expense		-25	-7	-41	-21
Foreign exchange income		5	5	26	20
Other finance income and costs		-20	-1	-30	-5
Total finance income and costs		-29	7	13	35
Profit from operating activities		15,682	8,788	27,759	23,298
Income tax expense		-1,278	-748	-3,241	-2,896
Net profit for the period		14,404	8,040	24,518	20,402
<i>Attributable to equity holders of the parent company</i>		<i>13,910</i>	<i>7,804</i>	<i>23,661</i>	<i>19,604</i>
<i>Attributable to non-controlling interest</i>		<i>494</i>	<i>236</i>	<i>857</i>	<i>798</i>
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		618	-29	453	218
Total comprehensive profit for the period		15,022	8,011	24,971	20,620
<i>Attributable to equity holders of the parent company</i>		<i>14,528</i>	<i>7,775</i>	<i>24,114</i>	<i>19,822</i>
<i>Attributable to non-controlling interest</i>		<i>494</i>	<i>236</i>	<i>857</i>	<i>798</i>
Basic earnings per share*	7	9.2	5.1	15.6	12.9
Diluted earnings per share*	7	9.2	5.1	15.6	12.9

* euro cents

Consolidated statement of cash flows

	Notes	9M 2016	9M 2015
Cash flows from operating activities			
Net profit		24,518	20,402
Adjustments:			
Depreciation, amortisation and impairment	4;5	16,494	5,955
Profit / loss on disposal of non-current assets (net)		-17,916	-213
Income tax expense		3,241	2,896
Other financial income and expenses (net)		-13	-35
Changes in working capital:			
Receivables and prepayments		1,659	-798
Inventories		-252	-103
Liabilities and prepayments		2,439	557
Interest paid		-72	-4
Corporate income tax paid		-4,118	-3,032
Net cash generated from operating activities		25,980	25,625
Cash flows from investing activities			
Acquisition of property, plant, equipment and intangible assets		-33,223	-16,612
Proceeds from sale of property, plant, equipment		16,522	384
Proceeds from sale of investment property		0	24
Proceeds from disposal of assets held for sale		0	1,016
Purchase of financial investments		-588	-75
Proceeds from sale of financial investments		71	0
Acquisition of subsidiaries, net of cash acquired		-10,366	0
Acquisition of business activity		0	-750
Repayments of loans given		5,400	0
Interest received		46	67
Net cash used in from investing activities		-22,138	-15,946
Cash flows from financing activities			
Loans received		21,871	2,000
Repayments of loans received	6	-5,055	-190
Repayments of finance leases		-9	0
Dividends paid		-15,179	-15,268
Net cash used in financing activities		1,628	-13,458
Net cash flows		5,470	-3,779
Cash and cash equivalents at beginning of the period		34,710	40,117
Exchange gains and losses on cash and cash equivalents		22	35
Cash and cash equivalents at end of the period		40,202	36,373

Consolidated statement of changes in equity

	Equity attributable to equity holders of the parent								Total equity
	Share capital	Share premium	Statutory reserve capital	Other reserves	Currency translation differences	Retained earnings	Total	Non-controlling interest	
Balance at 01.01.2015	60,716	258	2,495	0	-1,420	41,816	103,865	5,339	109,204
<i>Net profit for the period</i>	0	0	0	0	0	19,604	19,604	798	20,402
<i>Other comprehensive expense</i>	0	0	0	0	218	0	218	0	218
Total comprehensive income for the period	0	0	0	0	218	19,604	19,822	798	20,620
<i>Increase of statutory reserve capital</i>	0	0	1,079	0	0	-1,079	0	0	0
<i>Dividends paid</i>	0	0	0	0	0	-15,179	-15,179	0	-15,179
<i>Employee option programme</i>	0	0	0	247	0	0	247	0	247
Total transactions with owners	0	0	1,079	247	0	-16,258	-14,932	0	-14,932
Other adjustments	0	0	0	0	0	2	2	79	81
Balance at 30.09.2015	60,716	258	3,574	247	-1,202	45,164	108,757	6,216	114,973
Balance at 01.01.2016	60,716	258	3,574	329	-1,156	51,822	115,543	7,326	122,869
<i>Net profit for the period</i>	0	0	0	0	0	23,661	23,661	857	24,518
<i>Other comprehensive income</i>	0	0	0	0	453	0	453	0	453
Total comprehensive income for the period	0	0	0	0	453	23,661	24,114	857	24,971
<i>Increase of statutory reserve capital</i>	0	0	1,286	0	0	-1,286	0	0	0
<i>Dividends paid</i>	0	0	0	0	0	-22,769	-22,769	0	-22,769
<i>Employee option programme</i>	0	0	0	141	0	0	141	0	141
Total transactions with owners	0	0	1,286	141	0	-24,055	-22,628	0	-22,628
Acquired through business combinations	0	0	0	0	0	0	0	118	118
Other adjustments	0	0	0	0	0	761	761	-2,251	-1,490
Balance at 30.09.2016	60,716	258	4,860	470	-703	52,189	117,790	6,050	123,840

Notes to the consolidated interim financial statements

Note 1 Summary of significant accounting policies

Olympic Entertainment Group AS (hereinafter the "Company") is a company registered in Estonia at 15 November 1999. The consolidated interim financial statements of the Company prepared for the reporting period ended 30 September 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

This condensed consolidated interim financial information was approved by the management for issue on 25 October 2016.

The audited consolidated financial statements of the Group as of and for the year ended 31 December 2015 are available upon request from the Company's registered office at Pronksi 19, Tallinn and at the Company's website at www.olympic-casino.com.

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated interim financial statements do not include all of the information required by complete set of financial statements and should be read in conjunction with annual consolidated financial statements of the Group as at and for the year ended 31 December 2015.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

Note 2 Seasonality of operations

Due to the slight seasonal nature of the gaming market, higher revenues are generated in the second half of the year. In the financial year ended 31 December 2015, 49% of the income from gaming transactions accumulated in the first half of the year, with 51% accumulating in the second half.

Note 3 Investment property

	Land	Buildings	Total
As at 01 January 2016	159	129	288
As at 30 September 2016	159	129	288

Note 4 Property, plant and equipment

	Renovation expenditures	Machinery & equipment	Other PP&E	Construction in progress	Total
As at 01 January 2016	10,293	23,707	2,004	22,873	58,877
Additions	3,442	3,218	827	20,980	28,467
Acquired through business combinations	0	198	17	0	215
Sales	-29,231	-186	-11	0	-29,428
Write-offs	-4	-82	-21	0	-107
Transfers	32,478	3,002	6,779	-42,274	-15
Depreciation charge	-2,430	-4,069	-868	0	-7,367
Impairment loss	-286	-664	-70	0	-1,020
Exchange differences	0	-143	3	0	-140
As at 30 September 2016	14,262	24,981	8,660	1,579	49,482

Note 5 Intangible assets

	Goodwill	Software and licences	Prepayments	Total
As at 01 January 2016	50,775	3,106	61	53,942
Additions	0	363	236	599
Acquired through business combinations	3,618	13	0	3,631
Write-offs	0	-6	0	-6
Reclassifications	0	264	-249	15
Amortisation charge	0	-604	0	-604
Impairment loss	-6,985	-405	0	-7,390
Exchange differences	-91	-2	0	-93
As at 30 September 2016	47,317	2,729	48	50,094

Note 6 Borrowings

	30.09.2015	31.12.2015
Short-term borrowings		
Current portion of financial lease liability	0	4
Current portion of a long-term bank loan	0	288
Total short-term borrowings	0	292
Long-term borrowings		
Non-current portion of financial lease liability	0	5
Non-current portion of a long-term bank loan	0	7,777
Non-current portion of a long-term loan	50	170
Other borrowings	672	127
Total long-term borrowings	722	8,079
Total borrowings	722	8,371

The Group has concluded a loan agreement with Swedbank with the due date of 31 August 2018, with a limit of EUR 25,000 thousand. The annual interest rate is 6 months Euribor + 0.8%. Due to the sale of the Estonian subsidiary Kesklinna Hotelli OÜ this loan is no longer on the Group's balance sheet.

Note 7 Equity

The General Meeting of Shareholders held at 16 June 2016 decided to pay dividends to the shareholders of 0.15 euros per share in the total amount of 22,768,680.90 euros. The dividends were paid out in two parts; 0.10 Euros per share was paid to the shareholders on 15 July 2016 and 0.05 Euros per share was paid to the shareholders on 14 October 2016.

Earnings per share

	Q3 2016	Q3 2015	9M 2016	9M 2015
Net profit for the period	13,910	7,804	23,661	19,604
Weighted average number of shares outstanding (in thousands)	151,791	151,791	151,791	151,791
Basic earnings per share (euro cents)	9.2	5.1	15.6	12.9
Diluted earnings per share (euro cents)	9.2	5.1	15.6	12.9

Basic earnings per share are calculated by dividing profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the period. The calculation of diluted earnings per share also takes into consideration the share options granted to employees.

At 31 December 2014 share option agreements were concluded with Olympic Entertainment Group AS management board members and Group's key employees. According to concluded share option agreement management board member is eligible to subscribe to 100,000 Olympic Entertainment Group AS shares till the end of share option program; number of shares that can be subscribed by Group's key employees is individual. Exact number of shares that can be subscribed by each member of management board and key employee depends on fulfilment of Group's financial objectives and objectives connected with specific areas of responsibilities of each member of management board and key employee. The price for exercising the share option will be the nominal value of the share or the calculated value per one share. Options are conditional based on the 3-year employment relationship at the time of options realisation. Option holder has a right to subscribe for shares starting from 1 January 2018. Share option program ends 28 February 2018.

Note 8 Segment reporting

The Group's segments have been determined on the basis of reports monitored and analysed by the parent company's Management Board. Financial results are monitored by geographical regions. The results of operating segments are evaluated on the basis on external sales revenue and operating profit. During 2016, the Group had operations in the Estonian, Latvian, Lithuanian, Polish, Slovak, Belarusian, Italian and Maltese markets.

All segments generate majority of their income from gaming transactions. In addition, Estonian segment is engaged in hotel services from the 1st of June 2016. Management estimates that inter-segment transactions have been concluded at market prices and under market conditions.

Q3 2016	Estonia	Latvia	Lithuania	Poland	Slovakia	Belarus	Italy	Malta	Total
Income from gaming transactions	10,059	15,568	5,738	4,212	3,543	0	6,196	3,649	48,965
Gaming tax of Italy	0	0	0	0	0	0	-3,511	0	-3,511
Revenue	2,378	1,466	300	73	423	0	63	50	4,753
Inter-segment revenue	-118	0	0	15	0	0	0	0	-103
External revenue	12,319	17,034	6,038	4,300	3,966	0	2,748	3,699	50,104
Other external revenue	17,838	1	0	28	-3	4	21	0	17,889
Total revenue	30,157	17,035	6,038	4,328	3,963	4	2,769	3,699	67,993
Total expenses	-12,008	-10,524	-5,881	-13,694	-4,078	-46	-2,733	-3,318	-52,282
Incl. Depreciation, amortisation and impairment losses	-1,365	-901	-388	-8,085	-295	-1	-108	-246	-11,390
Total operating profit (-loss)	18,149	6,511	157	-9,366	-115	-42	36	381	15,711

Q3 2015	Estonia	Latvia	Lithuania	Poland	Slovakia	Belarus	Italy	Malta	Total
Income from gaming transactions	8,371	13,429	4,889	4,654	3,488	159	5,344	0	40,334
Gaming tax of Italy	0	0	0	0	0	0	-2,903	0	-2,903
Revenue	527	1,169	301	91	433	10	65	0	2,596
Inter-segment revenue	-94	0	0	0	0	0	0	0	-94
External revenue	8,804	14,598	5,190	4,745	3,921	169	2,506	0	39,933
Other external revenue	0	94	2	12	1	12	-8	0	113
Total revenue	8,804	14,692	5,192	4,757	3,922	181	2,498	0	40,046
Total expenses	-7,858	-7,849	-4,622	-4,242	-3,875	-289	-2,530	0	-31,265
Incl. Depreciation, amortisation and impairment losses	-511	-745	-281	-96	-272	0	-119	0	-2,024
Total operating profit (-loss)	946	6,843	570	515	47	-108	-32	0	8,781

9M 2016	Estonia	Latvia	Lithuania	Poland	Slovakia	Belarus	Italy	Malta	Total
Income from gaming transactions	28,828	44,156	17,422	13,282	11,306	177	18,758	8,317	142,246
Gaming tax of Italy	0	0	0	0	0	0	-10,725	0	-10,725
Revenue	3,940	4,125	940	249	1,373	9	180	120	10,936
Inter-segment revenue	-327	-18	-32	-1	0	0	0	0	-378
External revenue	32,441	48,263	18,330	13,530	12,679	186	8,213	8,437	142,079
Other external revenue	17,961	56	1	163	86	46	34	4	18,351
Total revenue	50,402	48,319	18,331	13,693	12,765	232	8,247	8,441	160,430
Total expenses	-31,369	-30,987	-18,036	-22,520	-12,481	-424	-7,975	-8,892	-132,684
Incl. Depreciation, amortisation and impairment losses	-2,577	-2,631	-1,158	-8,258	-873	-2	-252	-743	-16,494
Total operating profit (-loss)	19,033	17,332	295	-8,827	284	-192	272	-451	27,746

9M 2015	Estonia	Latvia	Lithuania	Poland	Slovakia	Belarus	Italy	Malta	Total
Income from gaming transactions	24,954	37,389	15,080	17,779	10,336	616	15,845	0	121,999
Gaming tax of Italy	0	0	0	0	0	0	-8,680	0	-8,680
Revenue	1,582	3,262	899	321	1,390	40	166	0	7,660
Inter-segment revenue	-320	0	0	-16	0	0	0	0	-336
External revenue	26,216	40,651	15,979	18,084	11,726	656	7,331	0	120,643
Other external revenue	19	128	3	18	15	157	48	0	388
Total revenue	26,235	40,779	15,982	18,102	11,741	813	7,379	0	121,031
Total expenses	-23,103	-23,596	-14,358	-16,254	-12,127	-1,075	-7,255	0	-97,768
Incl. Depreciation, amortisation and impairment losses	-1,425	-2,170	-803	-442	-786	-1	-328	0	-5,955
Total operating profit (-loss)	3,132	17,183	1,624	1,848	-386	-262	124	0	23,263

Note 9 Transactions with related parties

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

- a) shareholders with significant influence;
- b) key management personnel (members of the Management Board and Supervisory Board of Group entities);
- c) close family members of and companies related to the above.

<u>Purchase of goods and services</u>	<u>9M 2016</u>	<u>9M 2015</u>
Shareholders with significant influence	1	1
Total	1	1

As at 30.09.2016 and 31.12.2015, there were no balances of receivables and liabilities.

In 9 months 2016, the members of the Management Board and Supervisory Board of all Group entities were paid remuneration and benefits including social security taxes in the amount of EUR 1,032 thousand (9M 2015: EUR 620 thousand) and EUR 111 thousand (9M 2015: EUR 111 thousand), respectively.