

MERGER REPORT
on OLYMPIC CASINO EESTI AS and AS KRISTIINE KASIINO

In Tallinn, on April 20, 2007

Hereby the Management Boards of OLYMPIC CASINO EESTI AS and AS KRISTIINE KASIINO submit a merger report pursuant to § 393 of the Commercial Code. Legal and economic reasons for the merger of Olympic Casino Eesti AS and AS Kristiine Kasiino under the Merger Agreement entered into on April 19, 2007 are provided below.

1. INTRODUCTION

Olympic Casino Eesti AS (the acquiring company) is a company belonging to Olympic Entertainment Group, and engages in the organization of gaming in Estonia by operating casinos under the trademark "Olympic Casino". At the time being, Olympic Casino Eesti AS has 24 gaming halls.

The share capital of Olympic Casino Eesti AS in the amount of 51 630 180 Estonian kroons is divided into 5 163 018 shares, whereof 95% (i.e. 4 904 867 shares) are held by Olympic Entertainment Group AS and 5% (i.e. 251 151 shares) are held by Armin Karu.

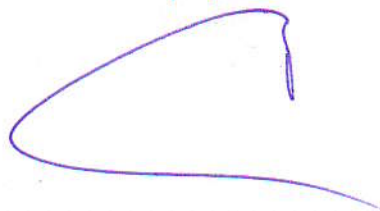
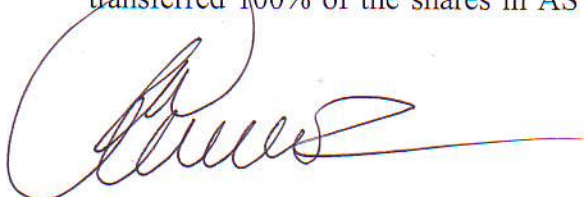
AS Kristiine Kasiino (the company being acquired) is a fully owned subsidiary of Olympic Casino Eesti AS. Like Olympic Casino Eesti AS, AS Kristiine Kasiino engages in the organization of gaming in Estonia. At the time being, AS Kristiine Kasiino has 11 gaming halls in total, which are operating under the trademark "Kristiine Kasiino". AS Kristiine Kasiino has a fully owned subsidiary OÜ Jokker-Pokker which operates bars in the gaming halls of AS Kristiine Kasiino.

The share capital of AS Kristiine Kasiino in the amount of 5 400 000 Estonian kroons is divided into 540 000 shares which prior to the merger are all held by Olympic Casino Eesti AS.

2. ECONOMIC AND LEGAL JUSTIFICATION OF THE MERGER, REASONS FOR THE CHOICE OF THE MANNER OF MERGER

The merger is a logical consequence of the acquisition of AS Kristiine Kasiino by Olympic Entertainment Group AS at the beginning of April this year. On one hand, this acquisition derived from the intent of AS KC Grupp, the previous owner of AS Kristiine Kasiino, to retire from the casino business and to focus mainly on real property development. On the other hand, the objective of the acquisition was to expand the activities of Olympic Entertainment Group in Estonia.

In order to simplify the conduct of this merger, Olympic Entertainment Group AS transferred 100% of the shares in AS Kristiine Kasiino to Olympic Casino Eesti AS



prior to the merger. Therefore, at the time of conducting the merger, the acquiring company is the sole shareholder of the company being acquired.

The objective of the merger is to facilitate the administrative management of the merger parties and to minimize the respective costs and increase efficiency. The cost minimization will be facilitated by the planned taking of the gaming halls of AS Kristiine Kasiino that presently operate under the trademark of "Kristiine Kasiino", to operate under the trademark "Olympic Casino". As a result, there will be no need to operate two trademarks simultaneously, and in long-term it will help to save investments in branding. The cost minimization will enable to increase investments in the perfecting the furnishings of the gaming halls, mainly in the acquisition of new gaming machines, and to bring more value added to the gaming halls (i.e. organize more attractive and more in number recreational events).

Mainly due to the fact that Olympic Casino Eesti AS is the owner of 100% of the shares in AS Kristiine Kasiino, the Management Boards have deemed it recommendable to apply such manner of merger set forth in the Commercial Code, whereby the company being acquired, AS Kristiine Kasiino, will be merged with the acquiring company Olympic Casino Eesti AS in such manner that the assets of AS Kristiine Kasiino (rights and obligations) will transfer to the acquiring company as of the making of the entry regarding the merger in the Commercial Register.

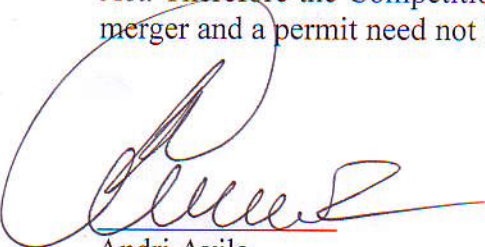
AS Kristiine Kasiino will continue to operate under the business name of Olympic Casino Eesti AS. As all the shares of AS Kristiine Kasiino are held by Olympic Casino Eesti AS, the shares of AS Kristiine Kasiino will not be exchanged and they will become invalid upon the making of the entry regarding the merger in the Commercial Register.

3. INCREASE OF SHARE CAPITAL UPON MERGER, EXCHANGE RATIO

The share capital will not be increased and the shares will not be exchanged upon the merger.

4. MERGER CONTROL

Both companies belong to the same Olympic Entertainment Group, and therefore this merger does not constitute a concentration within the meaning of the Competition Act. Therefore the Competition Board does not have to be notified about the planned merger and a permit need not be obtained from the Competition Board for the merger.



Andri Avila
Olympic Casino Eesti AS
Member of the Management Board



Tarmo Kase
AS Kristiine Kasiino
Member of the Management Board