Olympic Entertainment Group AS

Consolidated Annual Report 2010

(translation of the Estonian original)

Table of contents

General information

Business name	Olympic Entertainment Group AS
Registration number	10592898
Address	Pronksi 19, Tallinn 10124
Telephone	+372 6 671 250
Fax	+372 6 671 270
E-mail	info@oc.eu
Corporate website	www.olympic-casino.com
Core activity	Provision of gaming services
Beginning of financial year	1 January 2010
End of financial year	31 December 2010
Auditor	AS PricewaterhouseCoopers

The annual report consists of the management report, consolidated financial statements, independent auditor's report and profit allocation proposal.

Management Board's confirmation of the Management Report

The Management Board confirms that the management report of Olympic Entertainment Group AS set out on pages 4 to 16 presents a true and fair view of the business developments, performance and financial position of the parent company and group entities on a consolidated basis.

Indrek Jürgenson
Member of the Management Board

Madis Jääger
Member of the Management Board

8 April 2011

Management report

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 it operates casinos in Poland, Slovakia, Belarus and Romania.

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 which include Olympic Casino Estonia AS in Estonia, Olympic Casino Latvia SIA in Latvia, Olympic Casino Group Baltija UAB in Lithuania, Casino Polonia-Wroclaw Sp. Z o.o. in Poland, Olympic Casino Slovakia S.r.o. in Slovakia, Olympic Casino Bel IP in Belarus and Olympic Casino Bucharest S.r.l. in Romania. In Estonia, Latvia, Lithuania, Slovakia and Romania, the Group's non-core activities, such as managing a hotel in Tallinn and managing casino bars, are separated from casino operations and performed by respective specialised legal persons. Most of the Group's casino properties operate under the trademark of Olympic Casino.

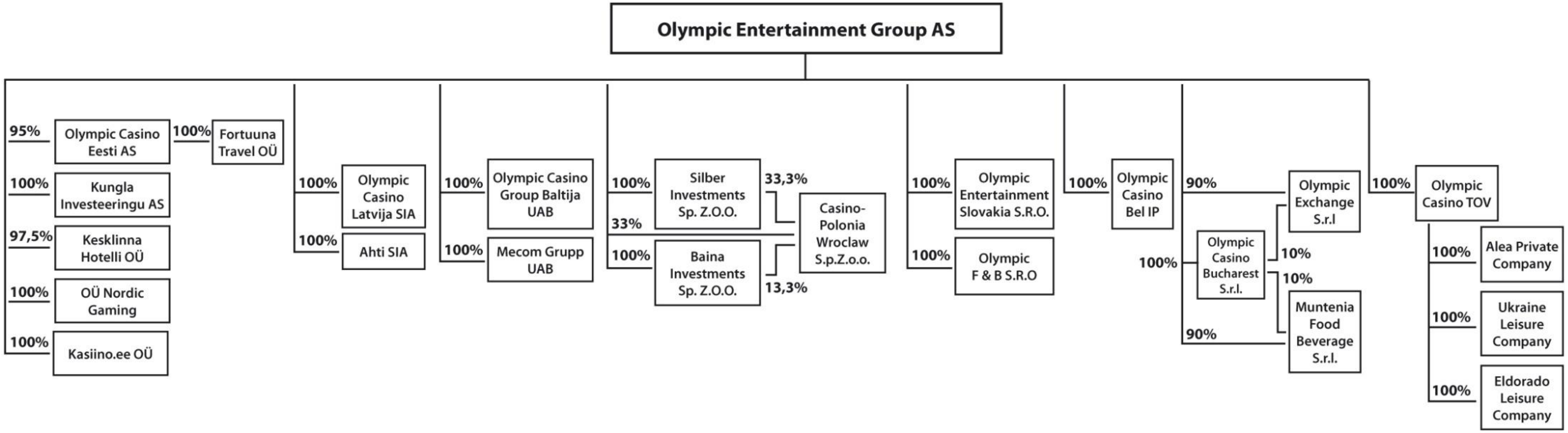
Group entities include:

		Ownership interest		**Area of activity**
	Domicile	**31.12.2010**	**31.12.2009**	
Olympic Casino Estonia AS	Estonia	95%	95%	Organisation of gaming
Kungla Investeeringu AS	Estonia	100%	100%	Hotel services, catering
Kesklinna Hotelli OÜ	Estonia	97.5%	97.5%	Hotel services
Nordic Gaming OÜ	Estonia	100%	100%	Holding activities
Fortuna Travel OÜ	Estonia	95%	95%	Casino tourism
Kasiino.ee OÜ	Estonia	100%	100%	Internet solutions
Olympic Casino Latvia SIA	Latvia	100%	100%	Organisation of gaming
Ahti SIA	Latvia	100%	100%	Bar services
Olympic Casino Group Baltija UAB	Lithuania	100%	100%	Organisation of gaming
Mecom Grupp UAB	Lithuania	100%	100%	Bar 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	80%	80%	Organisation of gaming
Olympic Casino Slovakia S.r.o	Slovakia	100%	100%	Organisation of gaming
Olympic F & B S.r.o.	Slovakia	100%	100%	Bar services
Olympic Casino Bel IP	Belarus	100%	100%	Organisation of gaming
Olympic Casino Bucharest S.r.l.	Romania	100%	100%	Organisation of gaming
Muntenia Food Beverage S.r.l	Romania	100%	100%	Bar services
Olympic Exchange S.r.l	Romania	100%	100%	Foreign exchange services
Olympic Casino Ukraine TOV	Ukraine	100%	100%	Bankrupt
Alea Private Company	Ukraine	100%	100%	Bankrupt
Eldorado Leisure Company	Ukraine	100%	100%	Bankrupt
Ukraine Leisure Company	Ukraine	100%	100%	Bankrupt

The Group operates slot and gaming table casinos as well as casino bars at most of the casinos of its subsidiaries. At 31 December 2010, the Group had a total of 66 casinos: 17 in Estonia, 21 in Latvia, 11 in Lithuania, 7 in Poland, 3 in Slovakia, 5 in Belarus and 2 in Romania. The Group employed 2,115 employees in 7 countries.

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

Group`s structure at 31 December 2010



Key performance indicators
Discontinued and continuing operations combined (in millions of EEK)

	2010	**2009**
Revenue	1,760.6	1,807.5
EBITDA	330.1	4.3
Operating profit/loss	49.1	-552.0
Net profit/loss	17.2	-515.2
EBITDA margin	18.8%	3.5%
Operating margin	2.8%	-19.8%
Net margin	1.0%	-19.5%
Equity ratio	78.7%	72.8%
Number of casinos at year-end	66	68
Casino area (m²) at year-end	25,802	25,745
Number of slot machines at year-end	2,519	2,388
Number of gaming tables at year-end	182	186

Underlying formulas:
o EBITDA = earnings before financial expenses, taxes, depreciation and amortisation and impairment losses
o Operating profit = profit before financial expenses and taxes
o Net profit = net profit for the period less non-controlling interests
o EBITDA margin = EBITDA / revenue
o Operating margin = operating profit / revenue
o Net margin = net profit / revenue
o Equity ratio = equity / total assets

EUR 1 = EEK 15.6466

Overview of the Group's business environment, key events and developments in 2010

- The Group earned a net profit in 2010 - the consolidated net profit after corporate income tax totalled EEK 17.2 million (EUR 1.1 million). In 2009, the Group incurred a net loss of EEK 515.2 million (EUR 32.9 million).
- The efficiency of the Group's business operations improved significantly. In 2010, the Group's revenue from continuing operations totalled EEK 1,760.6 million (EUR 112.5 million), i.e. 3.4% more than the revenue for 2009. The number of casinos in operation declined by 2 casinos or 3% year-over-year. During the same period, operating expenses were reduced by 16.1% or EEK 327.8 million (EUR 21 million).
- In conjunction with the goal of increasing the efficiency of the Group's business activities, it was decided to close 3 casinos, as a result of which an impairment loss was also recognised for assets in the amount of EEK 15.3 million (EUR 1.0 million).
- As planned, the Group increased its market share. At the year-end 2010, the Group's market share was 53% in Estonia, 20% in Latvia and 68% in Lithuania. At the year-end 2009, its market share was 49% in Estonia, 13% in Latvia and 60% in Lithuania.
- In January 2010, the first remote gambling operating permit was issued to the Group's subsidiary Olympic Casino Eesti AS. The online casino was launched in February. In 2010, the Group earned EEK 19.7 million (EUR 1.3 million) from arrangement of remote gaming.
- In June, a new, i.e. third casino project was launched in Slovakia. This year, the Slovak segment has demonstrated the fastest revenue growth or 26.5% as compared to the previous year. Slovakia's third Olympic Casino was opened at the end of October in the most modern and largest shopping centre of Bratislava, Eurovea Galleria. A total of EEK 6.3 million (EUR 0.4 million) was invested into the opening of the casino.

In 2010, the Group's consolidated sales revenue totalled EEK 1,744.2 million (EUR 111.5 million) and the revenue totalled EEK 1,760.6 million (EUR 112.5 million) which is 3.4% more than the total revenue of EEK 1,702.5 million (EUR 108.8 million) earned from continuing operations in 2009. The Group's EBITDA from continuing operations increased by EEK 60.3 million (EUR 3.9 million) to EEK 330.1 million (EUR 21.1 million). In 2010, the operating profit totalled EEK 49.1 million (EUR 3.1 million), last year, the operating loss totalled EEK 336.9 million (EUR 21.5 million).

In 2010, gaming operations accounted for 92% and other revenue 8% of the Group's consolidated revenue, the respective percentages for previous year were 93% and 7%.

External revenue by segments

(EEK '000)	**2010**	**Change**	**Percentage of total**	**2009**	**Percentage of total**
Estonia	433 402	10.6%	24.6%	391 705	23.0%
Latvia	388 157	5.9%	22.0%	366 602	21.5%
Lithuania	268 861	-7.3%	15.3%	290 054	17.0%
Belarus	50 858	19.4%	2.9%	42 592	2.5%
Poland	436 096	-1.7%	24.8%	443 473	26.1%
Romania	41 756	-25.7%	2.4%	56 166	3.3%
Slovakia	141 484	26.5%	8.0%	111 892	6.6%
Total	**1 760 614**	**3.4%**	**100%**	**1 702 484**	**100%**

EUR 1 = EEK 15.6466

At the year-end 2010, the Group had 66 casinos, with the total area of 25,802 m². At the end of 2009, the number of the Group's casinos was 68, and their total area was 25,745 m².

Number of casinos by segment

	31.12.2010	**31.12.2009**
Estonia	17	19
Latvia	21	21
Lithuania	11	10
Belarus	5	5
Poland	7	9
Romania	2	2
Slovakia	3	2
Total	**66**	**68**

In 2010, the Group's consolidated operating expenses before depreciation, amortisation and impairment decreased by 12.9% or EEK 211.7 million (EUR 13.5 million) as compared to the respective expenses from continuing operations in 2009. Staff costs decreased the most as compared to 2009, 11.5% or EEK 61.2 million (EUR 3.9 million), rental expenses by 25.8% or EEK 58.6 million (EUR 3.7 million) and maintenance costs of gaming equipment by 55.7% or EEK 27.4 million (EUR 1.8 million).

Staff costs with social security taxes made up the largest share of the Group's operating expenses before depreciation, amortisation and impairment losses, i.e. EEK 468.8 million (EUR 30 million), followed by gaming tax expenses of EEK 398.5 million (EUR 25.5 million), rental expenses of EEK 168.6 million (EUR 10.8 million) and marketing expenses of EEK 147.9 million (EUR 9.5 million).

In 2010, the consolidated net profit after tax totalled EEK 17.2 million (EUR 1.1 million). In 2009, the net loss after tax from continuing operations totalled EEK 332.5 million (EUR 21.3 million).

Overview by market

Estonian segment

In 2010, external revenue of the Estonian segment totalled EEK 433.4 million (EUR 27.7 million), of which the gaming revenue from land casinos totalled 369.9 million (EUR 23.6 million), gaming revenue from online casinos totalled EEK 19.7 million (EUR 1.3 million) and other income totalled EEK 43.8 million (EUR 2.8 million).

External revenue of the Estonian segment increased by 10.6% as compared to the previous year. The decline in the gaming market in Estonia was 1.6% in 2010 as compared to 2009. The market share of Olympic Casino Eesti AS in the Estonian gaming market was 53% at the year-end 2010. At the year-end 2009, the market share of Olympic Casino Eesti AS was 49%.

In 2010, the EBITDA of the Estonian segment was EEK 84.4 million (EUR 5.4 million) and the operating profit was EEK 14.8 million (EUR 0.9 million). In 2009, the EBITDA of the Estonian segment totalled EEK -8.4 million (EUR -0.5 million) and the operating loss totalled EEK 126.8 million (EUR 8.1 million).

At the year-end, there were 17 Olympic casinos with 698 slot machines and 19 gaming tables in operation in Estonia.

In 2010, the external revenue of Kungla Investeeringute AS decreased by 2.2% or 31.6 million (EUR 2.0 million), of which the sales of hotel services made up EEK 17.1 million (EUR 1.1 million). In 2009, the external revenue of Kungla Investeeringute AS totalled EEK 32.4 million (EUR 2.1 million), of which the sales of hotel services made up EEK 17.4 million (EUR 1.1 million).

In 2010, the average occupancy rate of Tallinn hotels was 51.6% (2009: 46.9%), the average occupancy rate of Park Hotel & Casino was 41.7% (2009: 38.8%).

Despite the price decline, which lasted for two years, coming to an end in the last four months of the year 2010 and an increase in the occupancy rate of hotels, the average price per room fell from EEK 538 to EEK 480 in Tallinn. In 2010, the average price per room at Park Hotel & Casino was EEK 589 (2009: EEK 592). These numbers include VAT and the cost of breakfast.

In 2010, the number of tourists increased primarily due to major international cultural and athletic events which occurred in Tallinn, favourable accommodation prices and improved transportation connections.
Most of the visitors coming to Tallinn came from foreign countries; however, the number of domestic tourists increased by 8%. Most of the tourists came from Finland, almost 596 (2009: 535) thousand visitors in 2010, followed by 103 (2009: 70) thousand visitors from Russia and 59 (2009: 58) thousand visitors from Sweden.

Latvian segment

In 2010, the external revenue of the Latvian segment totalled EEK 388.2 million (EUR 24.8 million), of which the gaming revenue totalled EEK 353.3 million (EUR 22.6 million) and other revenue totalled EEK 34.9 million (EUR 2.2 million). As compared to the previous year, the external revenue of the Latvian segment increased by 5.9%. The gaming market declined by 6.7% in Latvia in 2010 as compared to 2009. The market share of Olympic Casino Latvia SIA was 20% in the Latvian gaming market at the year-end 2010 and 13% at the year-end 2009.

In 2010, the EBITDA of the Latvian segment totalled EEK 140.7 million (EUR 9 million) and the operating profit totalled EEK 76 million (EUR 4.9 million). In 2009, the EBITDA of the Latvian segment totalled EEK 57.8 million (EUR 3.7 million) and the operating loss totalled EEK 39.5 million (EUR 2.5 million).

At the year-end, there were 21 Olympic casinos with 653 slot machines and 23 game tables in operation in Latvia.

Lithuanian segment

In 2010, the external revenue of the Lithuanian segment totalled EEK 268.9 million (EUR 17.2 million), of which the gaming revenue totalled EEK 252.4 million (EUR 16.1 million) and other revenue totalled EEK 16.5

million (EUR 1.1 million). The external revenue of the Lithuanian segment decreased by 7.3% as compared to the previous year. The gaming market declined by 8.9% in Lithuania in 2010 as compared to 2009. The market share of Olympic Casino Group Baltija UAB in the Lithuanian gaming market was 68% at the year-end 2010 and 60% at the year-end 2009.

In 2010, the EBITDA of the Lithuanian segment was EEK 50.5 million (EUR 3.2 million) and the operating profit was EEK 14 million (EUR 0.9 million). In 2009, the EBITDA of the Lithuanian segment was EEK 31.1 million (EUR 2 million) and the operating loss was EEK was 38.8 million (EUR 2.5 million).

At the year-end, there were 11 Olympic casinos with 376 slot machines and 52 gaming tables in operation in Lithuania.

Polish segment

In 2010, the external revenue of the Polish segment totalled EEK 436.1 million (EUR 27.9 million EUR), of which the gaming revenue totalled EEK 427.6 million (EUR 27.3 million) and other revenue totalled EEK 8.5 million (EUR 0.5 million). The external revenue of the Polish segment decreased by 1.7% compared to the previous year.

In 2010, the EBITDA of the Polish segment was EEK 41.8 million (EUR 2.7 million) and the operating loss totalled EEK 27.5 million (EUR 1.8 million). The operating loss includes the impairment losses related to the closing of casinos in the amount of EEK 17.0 million (EUR 1.0 million) and the costs of the provision of an onerous lease agreement in the amount of EEK 8.0 million (EUR 0.5 million). In 2009, the EBITDA of the Polish segment was EEK 24.5 million (EUR 1.6 million) and the operating loss was EEK 27.9 million (EUR 1.8 million).

At the year-end, there were 7 Olympic casinos with 329 slot machines and 45 gaming tables in operation in Poland.

Slovak segment

In 2010, the external revenue of the Slovak segment totalled EEK 141.5 million (EUR 9 million), of which the gaming revenue totalled EEK 126.5 million (EUR 8.1 million) and other revenue totalled EEK 15 million (EUR 0.9 million). The external operating income of the Slovak segment increased by 26.5% compared to the previous year.

In 2010, the EBITDA of the Slovak segment totalled EEK 25.7 million (EUR 1.6 million) and the operating profit totalled EEK 12.2 million (EUR 0.8 million). In 2009, the EBITDA of the Slovak segment totalled EEK 17 million (EUR 1.1 million) and the operating profit totalled 4.2 million (EUR 0.3 million).

In October, a new casino was opened at Eurovea shopping centre in the capital of Slovakia, Bratislava. At the year-end, there were 3 Olympic casinos with 144 slot machines and 30 gaming tables in operation in Slovakia.

Belarusian segment

In 2010, the external revenue of the Belarusian segment totalled EEK 50.9 million (EUR 3.3 million), of which the gaming revenue totalled EEK 46.7 million (EUR 3 million) and other revenue totalled EEK 4.2 million (EUR 0.3 million). The external revenue of the Belarusian segment increased by 19.4% compared to the previous year.

In 2010, the EBITDA of the Belarusian segment was EEK 14.2 million (EUR 0.9 million) and the operating profit was EEK 0.3 million (EUR 0.02 million). In 2009, the EBITDA of the Belarusian segment was EEK 5.3 million (EUR 0.3 million) and the operating loss was EEK 8.9 million (EUR 0.6 million).

At the year-end, there were 5 Olympic casinos with 240 slot machines in operation in Belarus.

Romanian segment

In 2010, the external revenue of the Romanian segment totalled EEK 41.8 million (EUR 2.7 million), of which the gaming revenue totalled EEK 28.3 million (EUR 1.8 million) and other revenue totalled EEK 13.5 million

(EUR 0.9 million). The external revenue of the Romanian segment decreased by 25.7% compared to the previous year.

In 2010, the EBITDA of the Romanian segment was EEK -27.2 million (EUR -1.7 million) and the operating loss was EEK 40.7 million (EUR 2.6 million EUR). In 2009, the EBITDA of the Romanian segment totalled EEK -67.1 million (EUR -4.3 million) and the operating loss totalled EEK 99.3 million (EUR 6.3 million).

At the end-year, there were 2 Olympic casinos with 79 slot machines and 13 gaming tables in operation in Romania.

Financial position

At 31 December 2010, the consolidated balance sheet total of Olympic Entertainment Group AS was EEK 1,685.1 million (EUR 107.7 million) (31 December 2009: EEK 1,776.0 million (EUR 113.5 million)). The balance sheet total decreased by 5.1% in a year, primarily related to the bank loan payments.

Current assets accounted for EEK 643.2 million (EUR 41.1 million) or 38.2% of total assets and non-current assets for EEK 1,041.8 million (EUR 66.6 million) or 61.8% of total assets. Intangible assets accounted for EEK 454.7 million (EUR 29.1 million) or 43.6% of non-current assets.

At the balance sheet date, consolidated liabilities totalled EEK 359.3 million (EUR 23.0 million) and the consolidated equity amounted to EEK 1,325.8 million (EUR 84.7 million). The largest liability items included borrowings of EEK 145.9 million (EUR 9.3 million), tax liabilities of EEK 63.1 million (EUR 4.0 million) and payables to employees of EEK 45.5 million (EUR 2.9 million).

Investments

In 2010, the Group's expenditures on property, plant and equipment totalled EEK 68.4 million (EUR 4.4 million), of which EEK 41.4 million (EUR 2.6 million) was spent on new gaming equipment. In 2010, expenditures on intangible assets totalled EEK 10.5 million (EUR 0.7 million).

In 2009, total expenditures on property, plant and equipment, and intangible assets were EEK 66.3 million (EUR 4.2 million). A major share of the expenditures was related to the flagship casino opened in the capital of Romania, Bucharest, and the opening of the second casino in Slovakia.

Cash flows

In 2010, the Group's cash flows from operating activities were EEK 315.6 million (EUR 20.2 million). Cash flows from investing activities totalled EEK -4.7 million (EUR -0.3 million) and cash flows from financing activities totalled EEK -145.3 million (EUR -9.3 million). Net cash flows totalled EEK 165.5 million (EUR 10.6 million).

In 2009, the Group's cash flows from operating activities were EEK 104.6 million (EUR 6.7 million). Cash flows from investing activities totalled EEK -81.0 million (EUR -5.2 million) and cash flows from financing activities totalled EEK 31.4 million (EUR 2 million). Net cash flows totalled EEK 55.0 million (EUR 3.5 million).

Dividends

Olympic Entertainment Group AS does not have a fixed commitment to pay regular dividends to its shareholders. The Management Board makes profit allocation proposals based on the Company's financial results, working capital requirements, investment needs and strategic considerations.

The Group did not distribute dividends in 2010 and 2009. Since the Group has no retained earnings as at 31 December 2010, it cannot pay dividends to its owners in 2011.

Staff

At 31 December 2010, the Group employed 2,115 people (31 December 2009: 2,348): 437 in Estonia, 435 in Latvia, 512 in Lithuania, 95 in Belarus, 322 in Poland, 151 in Romania and 163 in Slovakia.

In 2010, employee wages and salaries including social security taxes amounted to EEK 468.8 million (EUR 30 million) (2009: EEK 529.9 million (EUR 33.9 million). In 2010, the remuneration and benefits of the Group's Supervisory and Management Board including social security taxes totalled EEK 5.1 million (EUR 0.3 million) (2009: EEK 5.9 million (EUR 0.4 million).

In 2007, share options were granted to the members of the Management Supervisory of Olympic Entertainment Group AS and the Group's key personnel. According to the agreements, a member of the Management Board may have subscribed for a total of 333,624 shares and each key employee, a total of 133,446 shares of Olympic Entertainment Group AS during the period of 2008-2010. The exact number of the shares that may have been subscribed for was dependent on the attainment of the Group's financial targets and the individual performance of the member of the Management Board or key executives. The options might have been exercised every year from 2008 to 2010.

Key objectives for year 2011

- the main goal for the year 2011 is primarily to improve business operations and financial results;
- to continue to increase its market share in all of its operating markets;
- to find new opportunities for the expansion of the Group's business;
- to reinforce the Group's position in the online services segment and to create additional synergies with the other operating segments of the Group.

Management and Supervisory Boards

The Supervisory Board of Olympic Entertainment Group AS comprises four members, the Chairman of the Supervisory Board is Armin Karu and the members of the Supervisory Board are Jaan Korpusov, Liina Linsi and Peep Vain.

The Management Board of Olympic Entertainment Group AS comprises two members: Indrek Jürgenson and, from 20 December 2010, Madis Jääger; the other member of the Management Board Kristi Ojakäär left the Company. In the everyday 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.

Information about the education and employment history of the members of the Management and Supervisory Boards is available on the Company's website www.olympic-casino.com.

Shares of Olympic Entertainment Group AS

Olympic Entertainment Group AS is listed in main list of the Tallinn Stock Exchange from 23 October 2006, the Company has issued 151.0 million ordinary shares with the nominal value of EEK 10. From 26 September 2007, the shares of Olympic Entertainment Group AS are traded on the Warsaw Stock Exchange. The increase of share capital of Olympic Entertainment Group AS related to exercising of options as decided at the Extraordinary General Meeting of Shareholders at 25 August 2010 was entered into the Commercial Register at 14 September 2010. The new registered size of the share capital of Olympic Entertainment Group AS is EEK 1,513,295,050 (EUR 96,717,181), which consists of 151,329,505 shares with the nominal value of EEK 10 (EUR 0.64) each.

ISIN code	EE3100084021
Ticker symbol	OEG1T
Market	BALTIC MAIN LIST
Nominal value	EEK 10.00
Number of securities issued	151,329,505
Number of listed securities	151,329,505
Listing date	23.10.2006

Movements in the share price (in EEK) and traded volume (number of securities) of Olympic Entertainment Group AS in 2010:

EUR 1 = EEK 15.6466

Structure of shareholders

Largest shareholders of Olympic Entertainment Group AS as at 31 December 2010:

OÜ Hansa Assets	45.87%
OÜ Hendaya Invest	19.28%
Nordea Bank Finland Plc/ non-resident legal entities	3.35%
Skandinaviska Enskilda Banken Ab Clients	2.13%
Central Securities Depository of Lithuania	2.01%
Citibank (London)/ UBS AG London branch-IPB client account	1.67%
ING Luxembourg S.A.	1.61%
BNYM / ING Bank Slaksi A/C ING Parasol	1.50%
State Street Bank and Trust Omnibus account A Fund no OM01	1.48%
Firebird Avrora Fund, LTD	1.41%

Corporate governance report

Olympic Entertainment Group AS (hereinafter also referred to as the "Company") observes applicable legislation, the rules of the Tallinn Stock Exchange, and the Corporate Governance Recommendations (CGR) promulgated by the Tallinn Stock Exchange. The principles of the CGR which the Company does not comply with are explained below *(in italics)* together with references to relevant articles of the CGR.

General meeting

The Company's highest governing body is the General Meeting of Shareholders. Each shareholder of Olympic Entertainment Group AS may attend the General Meeting where he or she may speak on any agenda item, may ask questions and may make proposals. The Company gives notice of a General Meeting on the website of the Tallinn Stock Exchange, on its own website at www.olympic-casino.com, and in at least one national daily newspaper. General Meetings may be attended by shareholders and their duly appointed proxies holding proper letters of authorisation.

The Company's Management and Supervisory Boards provide shareholders with all relevant information required for making decisions at the General Meeting and make all materials relevant to the agenda items available to the shareholders. The agenda of a General Meeting is published in the notice of the General Meeting, on the Company's website, and on the website of the Tallinn and Warsaw Stock Exchanges. Shareholders can review the proposals made and the arguments and explanations provided by the Supervisory Board before the General Meeting on the Company's website and on the website of the Tallinn and Warsaw Stock Exchanges. In addition, shareholders may send questions about the agenda items via email to info@oc.eu .

The Company does not make observing and attending General Meetings possible through communication channels to avoid excessive expenses and because of the lack of explicit need for it (CGR 1.3.3.).

In 2010, the Annual General Meeting of Shareholders convened at 30 April in the Park Lounge of Reval Park Hotel & Casino, Kreutzwaldi 23, Tallinn. The meeting began at 11 a.m. and ended at 12 a.m. The Chairman of the Supervisory Board Armin Karu, member of the Supervisory Board Jaan Korpusov and members of the Management Board Indrek Jürgenson and Kristi Ojakäär attended the meeting.

Members of the Supervisory Board Liina Linsi, Peep Vain and the auditor whose presence was not necessary (CGR 1.3.2) did not attend the Annual General Meeting of Shareholders at 30 April 2010.

Shareholders representing 75.74% shareholding were present at the Annual General Meeting. Under the Articles of Association of Olympic Entertainment Group AS, the General Meeting has a quorum when more than half of the votes represented by shares are present. Accordingly, the meeting had the quorum required for passing resolutions.

In 2010, the Extraordinary General Meeting of Shareholders convened at 25 August in the Tallinn office of Olympic Entertainment Group AS, Pronksi 19, Tallinn. The meeting began at 11 a.m. and ended at 11.18. The Chairman of the Supervisory Board Armin Karu, member of the Supervisory Board Jaan Korpusov and members of the Management Board Indrek Jürgenson and Kristi Ojakäär attended the Extraordinary General Meeting.

Shareholders representing 70.09% shareholding were present at the Extraordinary General Meeting. Under the Articles of Association of Olympic Entertainment Group AS, the General Meeting has a quorum when more than half of the votes represented by shares are present. Accordingly, the meeting had the quorum required for passing resolutions.

Members of the Supervisory Board Liina Linsi, Peep Vain and the auditor whose presence was not necessary (CGR 1.3.2) did not attend the Extraordinary General Meeting of Shareholders at 25 August 2010.

Management Board

The Management Board is completely independent in matters concerning the daily management of the Company and acts in the best interests of all shareholders, ensuring the sustainable development of the Company in accordance with set objectives and adopted strategies, and the implementation and execution of appropriate internal control and risk management procedures.

Until 19 December 2010, the Management Board had two members - Indrek Jürgenson and Kristi Ojakäär. At 20 December 2010, Madis Jääger became member of the Management Board; the other member of the Management Board Kristi Ojakäär left the Company at 31 December 2010. Member of the Management Board Indrek Jürgenson is responsible for general management and implementation of development projects. Member of the Management Board Madis Jääger is responsible for financial management and investor relations. The Supervisory Board of Olympic Entertainment Group AS elects members of the Management Board for a term of three years.

The principles of paying remuneration to the members of the Management Board are decided by the Supervisory Board in conformity with the requirements of the CGR. The Management Board's bonus systems are based on board members' responsibilities and the attainment of specific, comparable and previously set targets.

The Company does not disclose the benefits, including basic remuneration, performance pay, and termination and other benefits, paid to each member of the Management Board because this constitutes sensitive personal information and its disclosure is not imperative for evaluating the Company's performance and management (CGR 2.2.7.). The aggregate amount of the benefits paid to members of the Management Board in 2010 is presented in the *Staff* section of *the Management report.*

The members of the Management Board avoid conflicts of interest and observe the prohibition on competition.

Supervisory Board

In 2010, the Company's Supervisory Board had four members – Armin Karu, Jaan Korpusov, Liina Linsi and Peep Vain. The Supervisory Board is elected for a term of five years. The terms of office of Jaan Korpusov, Liina Linsi and Peep Vain will expire at 11 September 2011. The term of office of Armin Karu will expire at 13 August 2013.

The Chairman of the Supervisory Board is Armin Karu. Independent members of the Supervisory Board are Liina Linsi and Peep Vain. All members of the Supervisory Board have the knowledge and experience required for performing their duties and act in accordance with effective legislation and the Corporate Governance Recommendations. The Supervisory Board supervises the activities of the Management Board and participates in the adoption of all significant decisions, acting in the best interests of all shareholders. The Supervisory Board meets according to need but not less frequently than once every three months. The Supervisory Board approves the Company's strategy, activity plans, risk management policies, annual budgets and investment plans and performs other duties vested in the Supervisory Board. The Supervisory Board evaluates the performance of the Management Board in implementing the Company's strategy on a regular basis. The Supervisory Board has not formed any committees.

All members of the Supervisory Board, except one, have attended all meetings of the Supervisory Board. The members of the Supervisory Board avoid conflicts of interest, act in the best interests of all shareholders and observe the prohibition on competition. The Supervisory and Management Boards cooperate closely for better development of the Company, acting in conformity with the Company's Articles of Association. In data exchange and communication, all members of the Supervisory and Management Boards follow the confidentiality protocol. The Management Board ensures that the confidentiality protocol is also observed by the Company's employees who have access to price sensitive information.

The Company does not disclose the benefits, including basic remuneration, additional remuneration, and termination and other benefits, paid to each member of the Supervisory Board because this constitutes sensitive personal information and its disclosure is not imperative for evaluating the Company's performance and management (CGR 3.2.5.) The aggregate amount of the benefits paid to the members of the Supervisory Board is presented in the *staff* section of *the management report.*

Disclosure of information, financial reporting and auditing

The Company follows all information disclosure requirements provided in the CGR and treats all shareholders equally. All required information and financial statements are made available in Estonian and in English on the Company's website and the website of the Tallinn Stock Exchange, and in English on the website of the Warsaw Stock Exchange.

Data exchange with the media and analysts is organised with due consideration and care, and without jeopardising the independence of the parties. The Company did not hold any press conferences in 2010. The Company will publish the time and location of its future press conferences and the content of its presentations on the Company's website (CGR 5.6.).

The Company publishes annual and interim reports. The Management Board prepares the consolidated annual financial statements which are reviewed by the Supervisory Board and audited by the auditor. The annual report is presented to the shareholders together with the Supervisory Board's written report on the annual report.

Transactions performed with related parties are disclosed in the notes to the consolidated annual financial statements (Note 31).

On giving notice of the Annual General Meeting, the Supervisory Board will make information on the candidate for the Company's auditor available to shareholders. In making its decision, the Company observes the auditors' rotation requirement. Before signing the audit services contract, the Management Board will submit a draft of the contract for approval to the Supervisory Board.

The Company`s Supervisory Board approved the audit services provided by AS PricewaterhouseCoopers in 2010. The auditor is remunerated in accordance with the contract signed with AS PricewaterhouseCoopers that specifies, among other things, the auditor's obligations and responsibilities in auditing the Company. According to the Company's information, the auditor has performed all its contractual obligations and has performed the audit in accordance with International Standards on Auditing.

The Company does not disclose the amount of the audit fee because its non-disclosure does not affect the reliability of the audit services provided by the auditor (CGR 6.2.1.).

Audit Committee

Pursuant to clause 99 (1) 1) and clause 13 (1) 1) of the Auditors Activities Act (came into force at 01.07.2010), Olympic Entertainment Group AS has the obligation to form an Audit Committee.

At the meeting of the Supervisory Board held at 20 September 2010, a two-member Audit Committee was approved, with Liina Linsi being its Chairman and Armin Karu being its member.

The Audit Committee at Olympic Entertainment Group AS is an advisory body to the Supervisory Board in the areas of auditing, risk management, internal control and audit, supervision and budget preparation and in respect of the legality of the activities of the Supervisory Board.

Consolidated financial statements

Consolidated statement of financial position

ASSETS		(EEK '000)		(EUR '000)	
	Note	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Current assets					
Cash and cash equivalents	3	453 130	286 067	28 960	18 283
Financial investments	4	61 607	48 184	3 937	3 080
Receivables and prepayments	5	77 580	79 450	4 959	5 078
Prepaid income tax		11 477	23 437	734	1 498
Inventories	9	22 154	14 068	1 416	899
Non-current assets held for sale	10	17 297	17 833	1 105	1 140
Total current assets		**643 245**	**469 039**	**41 111**	**29 978**
Non-current assets					
Deferred tax assets	11	17 179	21 395	1 098	1 367
Financial investments	4	14 510	61 405	927	3 924
Other long-term receivables	13	14 844	15 983	949	1 021
Investment property	14	22 130	23 658	1 414	1 512
Property, plant and equipment	15	518 447	733 757	33 135	46 896
Intangible assets	17	454 724	450 778	29 062	28 810
Total non-current assets		**1 041 834**	**1 306 976**	**66 585**	**83 530**
TOTAL ASSETS		**1 685 079**	**1 776 015**	**107 696**	**113 508**

TOTAL LIABILITIES AND EQUITY		(EEK '000)		(EUR '000)	
		31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
LIABILITIES					
Current liabilities					
Borrowings	18	48 641	88 145	3 109	5 633
Trade and other payables	19	168 703	150 130	10 782	9 595
Income tax payable		13 035	298	833	19
Provisions	20	26 505	17 947	1 694	1 147
Total current liabilities		**256 884**	**256 520**	**16 418**	**16 394**
Non-current liabilities					
Deferred tax liability	11	4 901	4 723	313	302
Borrowings	18	97 491	221 032	6 231	14 127
Total non-current liabilities		**102 392**	**225 755**	**6 544**	**14 429**
Total liabilities		**359 276**	**482 275**	**22 962**	**30 823**
EQUITY					
Share capital		1 513 295	1 510 000	96 717	96 507
Share premium		227 421	227 273	14 535	14 525
Statutory reserve capital		37 759	37 759	2 413	2 413
Translation reserve		11 579	390	740	25
Accumulated losses		-527 337	-545 450	-33 703	-34 861
Total equity attributable to equity holders of the parent		1 262 717	1 229 972	80 702	78 609
Non-controlling interest		63 086	63 768	4 032	4 076
Total equity	21	**1 325 803**	**1 293 740**	**84 734**	**82 685**
TOTAL LIABILITIES AND EQUITY		**1 685 079**	**1 776 015**	**107 696**	**113 508**

The notes on pages 21 to 67 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Note	(EEK '000) 2010	(EEK '000) 2009 restated	(EUR '000) 2010	(EUR '000) 2009 restated
Continuing operations					
Revenue and income					
Income from gaming transactions		1 624 386	1 579 370	103 817	100 940
Revenue	23	119 816	111 838	7 658	7 148
Other income	24	16 412	11 276	1 049	720
Total revenue and income		**1 760 614**	**1 702 484**	**112 524**	**108 808**
Operating expenses					
Cost of materials, goods and services	25	-42 172	-52 038	-2 695	-3 326
Other operating expenses	25	-913 645	-992 256	-58 392	-63 417
Staff costs	25	-468 757	-529 925	-29 959	-33 869
Depreciation, amortisation and impairment	2;15;17	-280 510	-377 756	-17 928	-24 143
Change in the fair value of investment property	14	-558	-19 402	-36	-1 240
Other expenses	26	-5 908	-68 004	-378	-4 346
Total operating expenses		**-1 711 550**	**-2 039 381**	**-109 388**	**-130 341**
Operating profit (loss)		**49 064**	**-336 897**	**3 136**	**-21 533**
Finance income and costs					
Interest income		4 718	9 006	302	575
Interest expense		-10 864	-19 497	-694	-1 246
Foreign exchange gains		103	3 177	7	203
Other finance income and costs		-509	-258	-34	-16
Total finance income and costs	28	**-6 552**	**-7 572**	**-419**	**-484**
Profit (loss) from operating activities		**42 512**	**-344 469**	**2 717**	**-22 017**
Income tax expense	2; 27	-25 309	11 978	-1 618	766
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD		**17 203**	**-332 491**	**1 099**	**-21 251**
NET LOSS FROM DISCONTINUED OPERATIONS FOR THE PERIOD	2	**0**	**-182 744**	**0**	**-11 679**
NET PROFIT (LOSS) FOR THE PERIOD		**17 203**	**-515 235**	**1 099**	**-32 930**
Other comprehensive income (loss)					
Currency translation differences					
continuing operations		11 189	-14 401	715	-920
discontinued operations		0	-20 616	0	-1 318
Total other comprehensive income (loss)		11 189	-35 017	715	-2 238
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		**28 392**	**-550 252**	**1 814**	**-35 168**
Other comprehensive income (loss)					
Non-controlling interest		-682	-2 166	-44	-138
Attributable to equity holders of the parent company					
continuing operations		17 885	-330 325	1 143	-21 113
discontinued operations		0	-182 744	0	-11 679
		17 203	-515 235	1 099	-32 930
Net loss for the period					
Non-controlling interest		-682	-2 166	-44	-138
Attributable to equity holders of the parent company					
continuing operations		29 074	-344 726	1 858	-22 033
discontinued operations		0	-203 360	0	-12 997
		28 392	-550 252	1 814	-35 168
Continuing operations					
Basic earnings (loss) per share	29	0,12	-2,19	0,01	-0,14
Diluted earnings (loss) per share	29	0,12	-2,19	0,01	-0,14
Discontinued operations					
Basic earnings (loss) per share	29	0,00	-1,21	0,00	-0,08
Diluted earnings (loss) per share	29	0,00	-1,21	0,00	-0,08

The notes on pages 21 to 67 are an integral part of these consolidated financial statements.

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M. P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

Consolidated statement of cash flows

		(EEK '000)		(EUR '000)	
	Note	2010	2009 restated	2010	2009 restated
Cash flows from operating activities					
Net profit (loss)		17 203	-515 235	1 099	-32 930
Adjustments					
Depreciation, amortisation and impairment	15; 17	280 510	556 797	17 928	35 586
Impairment losses on goodwill	17	0	32 769	0	2 095
Change in fair value of investment property	14	558	19 402	36	1 240
Profit (loss) on disposal of investment property	14	-30	1 026	-2	66
Gain on disposal of non-current assets (net)		281	46 248	18	2 956
Other financial income and expenses (net)		6 552	-24 751	419	-1 582
Change in receivables and prepayments related to		3 775	68 041	241	4 350
Change in inventories		-8 085	15 508	-517	991
Change in non-current assets held for sale		536	-17 833	35	-1 140
Change in liabilities and prepayments related to		29 305	-43 070	1 872	-2 753
Interest paid		-10 976	-23 365	-701	-1 493
Corporate income tax paid		-4 000	-10 962	-256	-701
Net cash from operating activities		**315 629**	**104 575**	**20 172**	**6 685**
Cash flows from investing activities					
Acquisition of property, plant and equipment and		-60 367	-67 188	-3 858	-4 294
Proceeds from sale of property, plant and equipment		2 426	22 548	155	1 441
Proceeds from sale of investment property	14	1 000	1 244	64	80
Purchase of other long-term financial investments	4	0	-45 316	0	-2 896
Proceeds from sale of financial investments	4	47 083	0	3 009	0
Interest received		5 111	7 697	327	492
Net cash used in investing activities		**-4 747**	**-81 015**	**-303**	**-5 177**
Cash flows from financing activities					
Issue of shares	21	3 443	0	220	0
Loans received	18	0	55 545	0	3 550
Repayments of loans received	18	-148 779	-19 558	-9 509	-1 250
Payments of finance lease principal	18	0	-4 565	0	-292
Net cash used in investing activities		**-145 336**	**31 422**	**-9 289**	**2 008**
NET CASH FLOWS		**165 546**	**54 982**	**10 580**	**3 516**
Decrease/increase in cash and cash equivalents		**165 546**	**54 982**	**10 580**	**3 516**
Cash and cash equivalents at beginning of the year	3	**286 067**	**231 884**	**18 283**	**14 820**
Exchange gains and losses on cash and cash equivalents		1 517	-799	97	-53
Cash and cash equivalents at end of the year	3	**453 130**	**286 067**	**28 960**	**18 283**

The notes on pages 21 to 67 are an integral part of these consolidated financial statements.

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

Consolidated statement of changes in equity

(EEK '000)		Equity attributable to equity holders of the parent							
	Note	Share capital	Share premium	Statutory reserve capital	Translation differences	Accumulated losses	**Total**	Non-controlling interest	**Total**
At 31 December 2008		**1 510 000**	**227 273**	**37 759**	**35 407**	**-31 989**	**1 778 450**	**65 934**	**1 844 384**
Total comprehensive loss for the period		0	0	0	-35 017	-513 069	**-548 086**	-2 166	**-550 252**
Share options	30	0	0	0	0	-392	**-392**	0	**-392**
At 31 December 2009		**1 510 000**	**227 273**	**37 759**	**390**	**-545 450**	**1 229 972**	**63 768**	**1 293 740**
Total comprehensive profit for the period		0	0	0	11 189	17 885	**29 074**	-682	**28 392**
Share options	30	0	0	0	0	228	**228**	0	**228**
Issue of shares	21	3 295	148	0	0	0	**3 443**	0	**3 443**
At 31 December 2010		**1 513 295**	**227 421**	**37 759**	**11 579**	**-527 337**	**1 262 717**	**63 086**	**1 325 803**

(EUR '000)		Equity attributable to equity holders of the parent							
	Note	Share capital	Share premium	Statutory reserve capital	Translation differences	Accumulated losses	**Total**	Non-controlling interest	**Total**
At 31 December 2008		**96 507**	**14 525**	**2 413**	**2 263**	**-2 044**	**113 664**	**4 214**	**117 878**
Total comprehensive loss for the period		0	0	0	-2 238	-32 792	**-35 030**	-138	**-35 168**
Share options	30	0	0	0	0	-25	**-25**	0	**-25**
At 31 December 2009		**96 507**	**14 525**	**2 413**	**25**	**-34 861**	**78 609**	**4 076**	**82 685**
Total comprehensive profit for the period		0	0	0	715	1 143	**1 858**	-44	**1 814**
Share options	30	0	0	0	0	15	**15**	0	**15**
Issue of shares	21	210	10	0	0	0	**220**	0	**220**
At 31 December 2010		**96 717**	**14 535**	**2 413**	**740**	**-33 703**	**80 702**	**4 032**	**84 734**

The notes on pages 21 to 67 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Note 1 Accounting policies

General information
Olympic Entertainment Group AS (hereinafter the “Company” or “OEG” (registry code 10592898, address Pronksi 19, 10124 Tallinn) is a company registered in Estonia at 15 November 1999. The consolidated financial statements of the Company prepared for the financial year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group provides gaming services in the Baltic States (Estonia, Latvia and Lithuania), Belarus, Poland, Romania and Slovakia. The Ukrainian subsidiaries that operated casinos until 25 June 2009 are in liquidation proceedings due to the prohibition of gaming activities in Ukraine.

As at 31.12.2010, the Group employed 2 115 employees (2009: 2 348). During the period, employee wages and salaries including social security taxes amounted to EEK 468.8 million (EUR 30.0 million) and in 2009: EEK 529.9 million (EUR 33.9 million) (Note 25).

The shareholders with significant influence are OÜ HansaAssets (ownership interest: 45.87%) and OÜ Hendaya Invest (ownership interest: 19.28%).

The shares of Olympic Entertainment Group AS are listed on the Tallinn and Warsaw Stock Exchanges.

The financial statements were authorised for issue by the Management Board at 8 April 2011. The annual report is reviewed by the Supervisory Board and approved by the General Meeting of Shareholders.

Basis of preparation
The consolidated financial statements of Olympic Entertainment Group AS for the year 2010 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed otherwise in the accounting policies.

Group entities use uniform accounting policies. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

The functional currency of Olympic Entertainment Group AS is the Estonian kroon (EEK). The financial statements are presented in thousands of Estonian kroons and thousands of euros.

Changes in presentation

Presentation of liquidation losses on non-current assets:
The Group’s management decided to change the presentation of losses in the income statement due to the write-off of items of property, plant and equipment. The lines “Depreciation” and “Impairment losses on property, plant and equipment” were combined from 1 January 2010. From 1 January 2010, the loss due to the write-off of items of property, plant and equipment is carried in the line “Depreciation, amortisation and impairment” in the statement of comprehensive income. Previously, the impairment losses due to the write-off of items of property, plant and equipment were carried in the line “Other expenses” in the income statement. Gains and losses on disposal of items of property, plant and equipment, and intangible assets continue to be carried in the lines “Other income” and “Other expenses” in the income statement. The amendment to the presentation did not change the opening balance as at 1 January 2009; hence, it has not been re-disclosed in these financial statements.

Changes in comparatives due to reclassification:

Statement of comprehensive income

('000 EEK)	2009	2009 restated	Change
Depreciation	-309 971	-377 756	-67 785
Impairment	-15 665	0	15 665
Other expenses	-120 124	-68 004	52 120

('000 EUR)	2009	2009 restated	Change
Depreciation	-19 811	-24 143	-4 332
Impairment	-1 001	0	1 001
Other expenses	-7 677	-4 346	3 331

Consolidated income statement of discontinued operations (Note 2)

('000 EEK)	2009	2009 restated	Change
Depreciation	-29 283	-29 839	-556
Other expenses	-2 708	-2 152	556

('000 EUR)	2009	2009 restated	Change
Depreciation	-1 872	-1 907	-35
Other expenses	-173	-138	35

Consolidated cash flow statement

('000 EEK)	2009	2009 restated	Change
Depreciation, amortisation and impairment	504 121	556 797	52 676
Gain on disposal of non-current assets (net)	98 924	46 248	-52 676

('000 EUR)	2009	2009 restated	Change
Depreciation, amortisation and impairment	32 219	35 586	3 367
Gain on disposal of non-current assets (net)	6 323	2 956	-3 367

Use of estimates and judgements

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a review of accounting estimates is recognised in the period in which the estimate is revised and in the future periods it impacts.

Information on key or more complex management decisions and judgements with significant impact on the financial statements is disclosed in Note 33:

Note 11: Deferred tax assets and liabilities
Note 15: Property, plant and equipment
Note 17: Intangible assets
Note 20: Provisions

Bases of consolidation

Subsidiaries

A subsidiary is an entity over which Olympic Entertainment Group AS (the parent company) executes sufficient control. Control is assumed to exist when the Group owns, directly or indirectly more than half of the voting power of the subsidiary or otherwise has power to govern the financial and operating policies of the subsidiary, execute control over them and obtain benefits from the subsidiary’s activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date at which control commences to the date at which control ceases.

Consolidation

In the consolidated financial statements, the financial information of all subsidiaries under the control of the parent company has been combined line by line. Intra-group receivables and liabilities, transactions between group entities and the resulting unrealised gains and losses have been eliminated. Unrealised losses are also eliminated unless they have been caused by impairment. On consolidation, the financial statements of foreign subsidiaries are translated from a foreign currency to the Estonian kroon (EEK). The following exchange rates are used to translate the financial statements prepared in foreign currencies:

a) assets and liabilities are translated into Estonian kroons at foreign exchange rates prevailing at the balance sheet date.
b) revenue and expenses, and other changes in equity are translated into Estonian kroons using the weighted average exchange rates of the period (unless the average cannot be considered reasonable approximation of the cumulative effect of the rates prevailing at transaction dates, in which case revenue and expenses are translated into Estonian kroons at the transaction date).

Unrealised exchange differences from the translation of the financial statements of foreign subsidiaries’ operations are recognised in the translation reserve in equity.

Transactions with non-controlling interest

In case of transactions with non-controlling interests, the Group treats a non-controlling interest as an external third party. The gain or loss on disposal of an ownership interest attributable to non-controlling shareholders is reported in the income statement.
Upon acquisition of a non-controlling interest, the difference between the purchase price and the carrying amounts of net assets attributable to the acquired interest is recognised as goodwill.

In the parent Company's separate unconsolidated financial statements which are presented in the notes to the consolidated financial statements, investments in subsidiaries are measured at fair value.

Financial instruments

Financial assets and liabilities

Financial assets and liabilities comprise cash and cash equivalents, investments in equity and debt securities, trade receivables, accrued income and other receivables, loans, trade payables, accrued income and borrowings.

Financial instruments are initially recognised at fair value plus any directly attributable transaction costs (instruments which are not reported at fair value through profit or loss), except for recognition of financial assets and liabilities at fair value through profit or loss whereby transaction costs are expensed in the income statement.

Purchases of financial instruments are recognised at the trade date, i.e., at the date the Group commits to purchase the financial asset. A financial instrument is derecognised when the Group's contractual rights to the cash flows from the financial instrument expire or the instruments with all significant risks and rewards of ownership have been transferred.

Financial assets are classified in the following categories depending on the purpose for which they were acquired:
- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments;
- available-for-sale financial assets.

As at 31 December 2010 (and as at 31 December 2009), the Group had financial assets in the categories of loans and receivables, and held-to-maturity investments.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has a positive intention and ability to hold until maturity. Held-to-maturity investments are measured at their amortised cost using the effective interest rate method, less any impairment losses).

Loans and other receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at their amortised cost using the effective interest rate method, less any impairment losses.

Financial liabilities
After initial recognition, all financial liabilities are measured at amortised cost using the effective interest rate method.

Generally the amortised cost of current financial liabilities is equal to their nominal value; therefore, current financial liabilities are stated at the amount payable. The amortised cost of non-current financial liabilities is determined using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, bank account balances, short-term deposits with maturities of three months or less at the time of acquisition.

Inventories
Inventories are initially recognised at cost, which comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In the balance sheet, inventories are measured at the lower of cost and net realisable value. The net realisable value of inventories is their estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The cost of inventories is assigned using the first-in, first-out (FIFO) formula.

Investment property
Investment property is property (land, buildings) which the Company holds to earn rental income or for capital appreciation rather than for use in the ordinary course of business. Investment property is initially recognised at cost, which includes any transaction charges directly attributable to the acquisition of the property. Investment property is subsequently accounted for using its fair value. Investment property is measured at fair value at each balance sheet date. The fair value of investment property is determined by professional appraisers.

Gains and losses arising from a change in the fair value of investment property are recognised as a change in investment property in the income statement of the reporting period.

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost which comprises all costs of purchase and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Items of property, plant and equipment are carried in the balance sheet at cost less any accumulated depreciation and any impairment losses.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be determined reliably. Other maintenance and repair costs are expensed when incurred.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment, and different depreciation rates are assigned to them in accordance with their useful lives.

Depreciation of an asset begins when the asset is available for use for the purpose intended by management and is ceased when the residual value exceeds the carrying amount, when the asset is permanently withdrawn from use or upon its reclassification as held for sale.

The Company uses the straight-line basis for depreciating its items of property, plant and equipment. The estimated useful lives are as follows:

Asset group	**Useful life**
Buildings and structures	20 years
Renovation expenditures	4-10 years, as a rule, over the lease term
Plant and equipment	2.5-10 years
Vehicles	3-5 years
Other equipment and fixtures	2.5-5 years

At each balance sheet date, the appropriateness of the depreciation rates, the depreciation method and the residual value are reviewed.

Intangible assets

Goodwill
Goodwill is the excess of the purchase price paid for acquisition of a new subsidiary, associate or joint venture over the fair value of identifiable net assets. Goodwill is recognised in the balance sheet and measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation. Instead, an impairment test is performed once a year (or more frequently when an event or a change in circumstances indicates that goodwill may be impaired, see the accounting policy *Impairment of assets).*

Software
Computer software which is not an integral part of the related hardware is recognised as an intangible asset. Software development costs are included within intangible assets when they are directly related to the development of such software items that can be distinguished from one another, are controlled by the Company and from which future economic benefits for a period longer than one year are expected to flow to the Company. Ongoing software maintenance costs are recognised as expenses in the income statement. Capitalised software costs are amortised over the estimated useful life not exceeding 5 years.

Licences, trademarks
Expenditures related to the acquisition of patents, trademarks, licenses and certificates are capitalised when it is possible to evaluate the related future economic benefits. Licenses and trademarks are amortised on a straight-line basis over the estimated useful life of the asset not exceeding 5 years.

Lease contracts
Beneficial lease agreements that have arisen from business combinations are amortised over the term of the lease agreement.

Non-current assets held for sale
Non-current assets held for sale include tangible or intangible assets which are intended to be sold within the next 12 months and with regard to which management has initiated an active sales programme and the assets are marketed for sale at a price that is reasonable in relation to their current fair value.

Non-current assets held for sale are presented in the balance sheet within current assets and their depreciation is ceased upon reclassification. Non-current assets held for sale are recognised at the lower of the carrying amount and the fair value less costs to sell.

Impairment
Financial assets
At each balance sheet date, the Group assesses whether there is any objective evidence that a financial asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If evidence of impairment exists, financial assets are written down using the following rules:

Financial assets carried at amortised cost are written down to the present value of future expected collectible amounts, discounted using the initial effective interest rate of the asset.

An impairment loss recognised for a receivable carried at amortised cost is reversed only if the recoverable amount of the receivable increases and the increase can objectively be related to an event occurring after the impairment loss was recognised.

Property, plant and equipment, and intangible assets
At each balance sheet date, the Group assesses critically whether there is any indication of impairment of property, plant and equipment or intangible assets. If any such indication exists, an impairment test is performed. An impairment test to determine the recoverable amount of goodwill is performed at each balance sheet date.

The recoverable amount of an asset or cash-generating units is the higher of the asset's/cash generating unit's fair value less costs to sell and its value in use. For determining the asset's/cash generating unit's value in use, the estimates future cash flows are discounted to their present value using the pre-tax discount rate which reflects both the time value of money as well as the asset-related risks. When the asset does not independently generate cash flows, the recoverable amount is determined for the smallest cash-generating unit the asset belongs to; the cash generating unit is not larger than an operating segment. For the purpose of an impairment test, goodwill acquired in a business combination is allocated to the cash-generating unit which is expected to benefit the most from the synergy derived from the business combination.

An impairment loss is recognised when the carrying amount of the asset or the cash-generating unit exceeds the asset's (cash-generating unit's) recoverable amount. An impairment loss is recognised in the income statement.

An impairment loss for goodwill is not reversed. For other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leases
Leases that transfer all significant risks and rewards of ownership to the lessee are recognised as finance leases. Other leases are classified as operating leases.

The Group as a lessor
Assets leased out under operating lease are carried in the balance sheet similarly to other assets carried in the Company's balance sheet. Operating lease payments are recognised as income on a straight-line basis over the lease term.

The Group as a lessee
Finance leases are recognised at the leases's commencement at lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Provisions and contingent liabilities
Provisions are established for liabilities of uncertain timing and amount. The amount and timing of provisions is determined on the basis of estimates made by management or independent experts.

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable (probability higher than 50%) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are estimated and reviewed at each balance sheet date. If it is probable that a provision is settled after one year, the provision is reported at its discounted present value. The discount rate reflects current market interest rates assigned to similar liabilities.

Contingent liabilities are liabilities whose settlement probability is less than 50% or which cannot be measured reliably. Contingent liabilities are accounted for off-balance sheet and disclosed in the notes to the financial statements.

Corporate income tax

In accordance with the effective Income Tax Act, from 1 January 2000 in Estonia corporate income tax is not levied on profits earned but instead is levied on net dividends distributed (from 1.1.2008: 21/79). The income tax payable on the distribution of dividends is calculated by taking into account the dividends received by the parent company from its foreign subsidiaries, which have been distributed from profits taxed with income tax as well as dividends received from Estonian subsidiaries that have been taxed with income tax.

The income tax payable on dividends is recognised as an income tax expense of the period in which the dividends are declared irrespective of the period for which the dividends are declared or the period in which they are paid.

The contingent income tax liability which would arise if the unrestricted equity of the Group arising from the Group's Estonian entities were distributed as dividends is not recognised in the balance sheet. The maximum income tax liability which could arise on dividend distribution is disclosed in the notes.

The consolidated financial statements include the corporate income tax calculated on the profits earned by the Group's foreign subsidiaries, the deferred tax assets and liabilities of the Group's foreign subsidiaries, and the dividend tax of the Group's Estonian entities.

Deferred income tax

Under the effective Income Tax Act, there are no differences between the tax bases and carrying amounts of the assets and liabilities of Group’s Estonian entities which could give rise to deferred tax assets or liabilities. The profits of the Group’s Latvian, Lithuanian, Belarusian, Romanian, Polish and Slovak entities are adjusted for permanent and temporary differences, and are taxed in accordance with the laws of their domicile.

Income tax paid by foreign subsidiaries

In accordance with the Lithuanian, Latvian, Belarusian, Polish, Romanian and Slovak tax laws, corporate income tax is levied on profits earned. The tax rates enacted, or substantially enacted at the balance sheet date are as follows: 15% in Lithuania, 15% in Latvia, 24% in Belarus, 19% in Poland, 16% in Romania and 19% in Slovakia. The current income tax payable by the Group's Lithuanian, Latvian, Belarusian, Polish, Romanian and Slovak entities is recognised as an income tax expense in the income statement and as an income tax liability in the balance sheet.

Deferred tax is recognised using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits; and
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the tax assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.
A deferred tax asset is recognised if it is probable that future taxable profits will be available against which the asset can be utilised and to the extent of the expected taxable income. Deferred income tax assets and liabilities have been offset only within one Group entity.

Foreign currency transactions and foreign currency risk

Transactions in foreign currencies are translated using the exchange rates of central bank quoted at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date, and non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to Estonian kroons using the exchange rates of Eesti Pank (Bank of Estonia) prevailing at the balance sheet date. Foreign exchange gains and losses arising on foreign currency transactions are taken to profit or loss.

Revenue recognition

Revenue from the rendering of services and sale of goods is recognised on the delivery of the service or on the sale of the goods. If a service is rendered over an extended period, revenue is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. Revenue is measured at the fair value of the consideration received or receivable, net of value-added tax, returns, rebates and discounts.

Income from gaming transactions comprises:
- income from slot machines
- income from game tables
- income from online casino

Income from gaming transactions is the difference between amounts staked by customers less winnings paid out. Income from gaming transactions is recognised on an accrual basis.

Interest income and dividend income are recognised when it is probable and the amount of the revenue can be measured reliably. Interest income is recognised in the income statement as it accrues using the effective interest method except when collection of payment is uncertain. In this case interest income is recognised on a cash basis.

Statutory reserve capital

Reserve capital as stipulated by the Commercial Code is formed from annual net profit allocations. According to the articles of association, the amount of reserve capital is 1/10 of share capital. During each financial year, at least one-twentieth of the net profit shall be entered in reserve capital. When reserve capital reaches the amount required by the articles of association, no more transfers are made to reserve capital from the net profit. Pursuant to the resolution of the General Meeting, reserve capital may be used to cover losses unless loss can be covered from available equity, as well as to increase share capital. Payments shall not be made to shareholders from reserve capital.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. For the purpose of calculating diluted earnings per share, the profit or loss attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Employee benefits

Termination benefits

The Group recognises termination benefits as a liability and an expense only when the Group is demonstrably committed to terminating an employee's or a group of employees' employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Share-based payments

The share options granted to the Group's key personnel are recognised as equity-settled consideration for services rendered to the Group.

Owing to the complexity of determining the fair value of services received, the fair value of the services rendered by the key personnel is measured by reference to the fair value of the equity instruments granted. The fair value of such equity instruments is measured at their grant date by an independent appraiser.

The cost of equity-settled share-based payment transactions is recognised as an expense with a corresponding increase in equity over the period in which the employee provided services until the date of vesting of equity instruments. At each balance sheet date, the Group recognises expenses related to share-based payments based on an estimate of the number of equity instruments expected to vest. Any change in the cumulative remuneration expense from the date of the current reporting period is recognised in profit or loss for the period.

The grant of share options is conditional on the employee remaining at the Company's employment until the end of the vesting period and satisfying certain performance conditions. Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of the share options at the measurement date. Instead, vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction so that, ultimately, the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that will eventually vest. Hence, on a cumulative basis, no amount is recognised for services received if the equity instruments granted do not vest because of the failure to satisfy a vesting condition, e.g. when the counterparty fails to complete a specified service period or a performance condition is not satisfied.

Payables to employees

Payables to employees include the performance pay payable to employees on the basis of employment contracts which are calculated by reference to the Group's financial results and satisfaction of the employees' individual performance conditions.

Performance pay is recognised as an expense and a payable to employees when the disbursement will take place during the next reporting period. The performance pay liability includes both the performance pay and related social tax and unemployment insurance charges.

In addition, payables to employees include vacation pay liabilities calculated at the reporting date in accordance with effective employment contracts and applicable legislation. The vacation pay liabilities include both the direct vacation pay liability and associated social tax and unemployment insurance charges.

Statement of cash flows

The statement of cash flows is prepared using the indirect method - cash flows from operating activities are found by adjusting the net profit, eliminating the effect of non-cash transactions and changes in current assets and current liabilities related to operating activity.

Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker to make managerial decisions and analyse the results. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Management Board of the parent.

Events after the balance sheet date

The annual financial statements reflect all significant events affecting the valuation of assets and liabilities that became evident between the balance sheet date 31 December 2010 and the date at which the financial statements were authorised for issue but are related to the reporting or prior periods.

Subsequent events that are indicative of conditions that arose after the balance sheet date but which will have a significant effect on the result of the next financial year are disclosed in the notes to the annual financial statements.

New International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee, effective for the Group from 1 January 2010

IAS 27, Consolidated and Separate Financial Statements

The revised IAS 27 requires an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (the previous standard required the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary has to be measured at its fair value. The Group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control or significant influence from 1 January 2010. Previously transactions with non-controlling interests were treated as transactions with parties external to the Group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously, when the Group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets. The Group has applied the new accounting policies prospectively to transactions occurring at or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.
The amended standard had no impact on the current period, as there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity.

IFRS 3, Business Combinations
The revised IFRS 3 allows entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree’s identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer has to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss for the year. Acquisition-related costs are accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer has to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date are recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The revised IFRS 3 did not have a material impact on these financial statements, because there are no business combinations underway at the Group and the amended standard needs not be adopted before its implementation date.

Amendment to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (and consequential amendments to IFRS 1)
This amendment to IFRS 5 is part of the IASB’s annual improvements project published in May 2008. The amendment clarifies that an entity committed to a sale plan involving loss of control of a subsidiary would classify the subsidiary’s assets and liabilities as held for sale. The revised guidance should be applied prospectively from the date at which the entity first applied IFRS 5. The Group estimates that the amendment did not have a material impact on these financial statements.

Improvements to International Financial Reporting Standards, issued in April 2009
The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity’s own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Group estimates that the improvements did not have a material impact on these financial statements.

Following new standards, revisions to standards and interpretations to standards became effective for the Group from 1 January 2010, but are not relevant to the Group's operations

- IFRIC 12, Service Concession Arrangements
- IFRIC 15, Agreements for the Construction of Real Estate
- Embedded Derivatives - Amendments to IFRIC 9 and IAS 39, issued in March 2009
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation
- IFRIC 17, Distributions of Non-Cash Assets to Owners
- IFRIC 18, Transfers of Assets from Customers
- Amendment to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (and consequential amendments to IFRS 1)
- Eligible Hedged Items—Amendment to IAS 39
- IFRS 1, First-time Adoption of International Financial Reporting Standards, revised in December 2008
- Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2
- Additional Exemptions for First-time Adopters - Amendments to IFRS 1

New or revised standards and interpretations that are not yet effective and not early adopted by the Group, and may have an effect on the Group's financial statements

IFRS 9, Financial Instruments Part 1: Classification and Measurement, issued in November 2009 (effective for annual periods beginning on or after 1 January 2013; not yet adopted by the EU). IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

Amendment to IAS 24, Related Party Disclosures, issued in November 2009 (effective for annual periods beginning on or after 1 January 2011, not yet adopted by the European Union). The amended standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Group is currently assessing the impact of the amended standard on disclosures in its financial statements.

Improvements to International Financial Reporting Standards, issued in May 2010 (effective dates vary standard by standard, most improvements are effective for annual periods beginning on or after 1 January 2011; the improvements have not yet been adopted by the EU). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: IFRS 1 was amended (i) to allow previous GAAP carrying amount to be used as deemed cost of an item of property, plant and equipment or an intangible asset if that item was used in operations subject to rate regulation, (ii) to allow event driven revaluation to be used as deemed cost of property, plant and equipment even if the revaluation occurs during a period covered by the first IFRS financial statements and (iii) to require a first-time adopter to explain changes in accounting policies or in the IFRS 1 exemptions between its first IFRS interim report and its first IFRS financial statements; IFRS 3 was amended (i) to require measurement at fair value (unless another measurement basis is required by other IFRS standards) of non-controlling interests that are not present ownership interest or do not entitle the holder to a proportionate share of net assets in the event of liquidation, (ii) to provide guidance on acquiree's share-based payment arrangements that were not replaced or were voluntarily replaced as a result of a business combination and (iii) to clarify that the contingent considerations from business combinations that occurred before the effective date of revised IFRS 3 (issued in January 2008) will be accounted for in accordance with the guidance in the previous version of IFRS 3; IFRS 7 was amended to clarify certain disclosure requirements, in particular (i) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks, (ii) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired, (iii) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect, and (iv) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date and not the amount obtained during the reporting period; IAS 1 was amended to clarify that the components of the statement of changes in equity include profit or loss, other comprehensive income, total comprehensive income and transactions with owners and that an analysis of other comprehensive income by item may be presented in the notes; IAS 27 was amended by clarifying the transition rules for amendments to IAS 21, 28 and 31 made by the revised IAS 27 (as amended in January 2008); IAS 34 was amended to add additional examples of significant events and transactions requiring disclosure in a condensed interim financial report, including transfers between the levels of fair value hierarchy, changes in classification of financial assets or changes in business or economic environment that affect the fair values of the entity's financial instruments; and IFRIC 13 was amended to clarify measurement of fair value of award credits. The Group is currently assessing the impact of the amended standard on its financial statements.

Disclosures—Transfers of Financial Assets – Amendments to IFRS 7 (effective for annual periods beginning on or after 1 July 2011; not yet adopted by the EU). The amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. Where financial assets have been derecognised but the entity is still exposed to certain risks and rewards associated with the transferred asset, additional disclosure is required to enable the effects of those risks to be understood. The Group is currently assessing the impact of the amended standard on disclosures in its financial statements.

New or revised standards and interpretations that are not yet effective and not expected to have a significant effect on the Group's financial statements

- ***IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments*** (effective for annual periods beginning on or after 1 July 2010)
- ***Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14*** (effective for annual periods beginning on or after 1 January 2011)
- ***Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters - Amendment to IFRS 1*** (effective for annual periods beginning on or after 1 July 2010)
- ***Classification of Rights Issues - Amendment to IAS 32, issued in October 2009*** (effective for annual periods beginning on or after 1 February 2010)
- ***Deferred Tax: Recovery of Underlying Assets – Amendment to IAS 12*** (effective for annual periods beginning on or after 1 January 2012; not yet adopted by the EU). The amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.
- ***Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – Amendment to IFRS 1*** (effective for annual periods beginning on or after 1 July 2011; not yet adopted by the EU). The amendments will provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs, and guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time.

Note 2 Discontinued operations

Deriving from the Act “About Prohibition of Gaming in Ukraine” that was proclaimed by the Ukrainian Parliament at 15 May 2009 and published at 25 June 2009, the activities of casinos in Ukraine have been terminated for an indefinite period of time. The activities of casinos were prohibited and all licences issued to casino companies were cancelled.

Due to the matters described above, OEG commenced the liquidation process of all subsidiaries of the Ukrainian segment at 9 June 2009 – Olympic Casino Ukraine TOV, Ukraine Leisure Company, Eldorado Leisure Company and Alea Private Company. At 12 August 2009, the Ukrainian subsidiaries of OEG filed a bankruptcy petition with a court as the next step of the liquidation process. Bankruptcy was declared by the court at 7 September 2009.

The Ukrainian segment is treated as discontinued operations in these financial statements.

Analysis of income and expenses of discontinued operations

	('000 EEK)		('000 EUR)	
	2010	**2009**	**2010**	**2009**
Income from gaming transactions	0	94 522	0	6 041
Revenue	0	7 738	0	495
Other income	0	2 717	0	174
Total operating income	**0**	**104 977**	**0**	**6 710**
Cost of materials, goods and services	0	-3 587	0	-229
Other operating expenses	0	-71 940	0	-4 597
Staff costs	0	-30 555	0	-1 953
Depreciation, amortisation and impairment	0	-29 839	0	-1 907
Other expenses	0	-2 152	0	-138
Total operating expenses	**0**	**-138 073**	**0**	**-8 824**
Operating profit (loss)	**0**	**-33 096**	**0**	**-2 114**
Interest income	0	39	0	2
Foreign exchange gains (losses)	0	-424	0	-27
Total finance income and costs	**0**	**-385**	**0**	**-25**
Profit (loss) before income tax	**0**	**-33 481**	**0**	**-2 139**
Income tax expense	0	0	0	0
LOSS AFTER TAX OF DISCONTINUED OPERATIONS FOR THE YEAR	**0**	**-33 481**	**0**	**-2 139**
Loss recognised from re-measurement of assets and liabilities of disposal group				
Impairment of property, plant and equipment	0	-149 202	0	-9 536
Impairment of goodwill	0	-32 769	0	-2 094
Gain from re-measurement of liabilities	0	32 708	0	2 090
TOTAL LOSS ON THE RE-MEASUREMENT OF ASSETS AND LIABILITIES	**0**	**-149 263**	**0**	**-9 540**
NET LOSS FROM DISCONTINUED OPERATIONS FOR THE PERIOD	**0**	**-182 744**	**0**	**-11 679**

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

Cash flows of discontinued operations

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Cash flows from operating activities	0	-7 018	0	-448
Cash flows from investing activities	0	-900	0	-58
Net cash flows	**0**	**-7 918**	**0**	**-506**

Note 3 Cash and cash equivalents

	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Cash on hand and at gaming halls	68 539	67 889	4 381	4 339
Cash on bank accounts	110 924	27 455	7 089	1 754
Call deposits	66 673	133 820	4 261	8 553
Term deposits	195 897	46 684	12 520	2 984
Cash in transit	11 097	10 219	709	653
Total	**453 130**	**286 067**	**28 960**	**18 283**

Call deposits comprise the balances on overnight deposits. The effective interest rates of overnight deposits ranged from 0.1% - 1.0% (2009: 0.2%-2.2%). The effective interest rates of term deposits ranged from 0.57% - 12.5% (2009: 1.2% - 10.0%). The term deposits have maturities of three months or less. The Group approves banks with A and B credit ratings in which the majority of the Group's funds are deposited.

In 2010, the Group`s interest income on term deposits amounted to EEK 3 613 thousand (EUR 231 thousand) and in 2009, EEK 3 771 thousand (EUR 241 thousand).

Note 4 Short- and long-term financial investments

Short-term financial investments	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Deposits with maturities between 4 months and 1 year	22 949	16 193	1 467	1 035
Deposits used as collateral for rental premises	8 282	7 806	529	499
Other guarantees	30 376	24 185	1 941	1 546
Total short-term financial investments	**61 607**	**48 184**	**3 937**	**3 080**

Long-term financial investments	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Lithuanian government bonds	14 442	61 336	923	3 920
Other investments	68	69	4	4
Total long-term financial investments	**14 510**	**61 405**	**927**	**3 924**

In accordance with the Lithuanian gaming legislation, a gaming organiser has to put up collateral by investing part of its capital in government bonds or making a deposit to the extent of amount of the reserve.

Effective rates of collateral are as follows:

- LTL 40,000 / EEK 181,263 (EUR 11,585) per gaming table
- LTL 25,000 / EEK 113,289 (EUR 7,240) per slot machine.

The interest rates on bonds ranged from 4.5%-5.6% (2009: 4.5%-10.0%). In 2010, interest income on the bonds amounted to EEK 1 106 thousand (EUR 71 thousand) and in 2009, EEK 5 275 thousand (EUR 337 thousand). The change in long-term financial investments is related to the closing of gaming halls in Lithuania in 2009.

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

Note 5 Receivables and prepayments

	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Trade receivables (Note 6)	5 412	5 473	346	350
Prepaid taxes (Note 7)	26 079	20 983	1 667	1 341
Other receivables and prepayments (Note 8)	46 089	52 994	2 946	3 387
Total receivables and prepayments	**77 580**	**79 450**	**4 959**	**5 078**

Note 6 Trade receivables

	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Trade receivables not due	5 412	5 473	346	350
Trade receivables overdue and impaired	5 964	5 769	381	368
Allowance for doubtful receivables	-5 964	-5 769	-381	-368
Total (Note 5)	**5 412**	**5 473**	**346**	**350**

Impairment of doubtful receivables	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
At the beginning of year	-5 769	-5 640	-368	-360
Impairment of receivables	-258	-1 243	-17	-79
Irrecoverable receivables	63	1 114	4	71
At year-end	**-5 964**	**-5 769**	**-381**	**-368**

Impairment losses on doubtful and irrecoverable receivables are recognised in *Other expenses* in the income statement (Note 25).

Note 7 Taxes

(EEK '000)	**31.12.2010**		**31.12.2009**	
	Prepayment	**Liability**	**Prepayment**	**Liability**
Gaming tax	15 575	23 278	12 681	21 964
Value added tax	10 136	4 340	7 627	3 681
Personal income tax	0	7 022	0	5 927
Social security tax	316	14 752	0	15 272
Excise tax	0	17	0	21
Income tax on gifts, fringe benefits	0	265	0	450
Other taxes	52	445	675	1 380
Total taxes (Note 5)	**26 079**	**50 119**	**20 983**	**48 695**

(EUR '000)	**31.12.2010**		**31.12.2009**	
	Prepayment	**Liability**	**Prepayment**	**Liability**
Gaming tax	996	1 488	811	1 404
Value added tax	648	277	487	235
Personal income tax	0	449	0	379
Social security tax	20	943	0	976
Excise tax	0	1	0	1
Income tax on gifts, fringe benefits	0	17	0	29
Other taxes	3	28	43	88
Total taxes (Note 5)	**1 667**	**3 203**	**1 341**	**3 112**

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

Tax rates effective at 31.12.2010 by country

Tax	Estonia	Latvia	Lithuania	Belarus	Poland	Romania	Slovakia
Gaming tax (monthly)							
per game table	EEK 20 000/EUR 1 278	LVL 800/EUR 1 140	LTL 6 000/EUR 1 738	EUR 3 500 up to 10 tables, EUR 4 000 more than 10 tables	50% on net proceeds	RON 20 833/EUR 4 860	27% on net proceeds
per roulette	EEK 20 000/EUR 1 278	LVL 800/EUR 1 140	LTL 6 000/EUR 1 738				27% on net proceeds
per slot machine	EEK 7 000/EUR 447	LVL 140/EUR 200	LTL 800/EUR 232 LTL 300/EUR 87	80/ 100 EUR	50% on net proceeds	RON 667 / EUR 156	27% on net proceeds
Value added tax	20%	21%	21%	20%	22%	24%	19%
Personal income tax	21%	23%	15%	12%	18% and 32%	16%	19%
Mandatory funded pension	-			1%	1.7%		14%
Social security tax	33%	24.09% + 9%	46%	34%	18.3%	28.55%	35,00%
Unemployment insurance premium	2.8%+1.4%	LVL 0.25/EUR 0.36 employee	0.1%	-	-	-	2%+0.25%
Accident insurance	-	-	-	0.60%	-	-	-
Corporate income tax *	21%	15%	15%	24%	19%	16%	19%

* Pursuant to the Income Tax Act in effect, dividends are taxable in Estonia only to the extent of the amount paid out as net dividends.

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

Note 8 Other receivables and prepayments

	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Prepaid expenses				
Lease of premises	22 571	26 026	1 442	1 663
Licences	2 811	2 970	180	190
Software and equipment maintenance	620	387	40	25
Other prepaid expenses	7 059	7 667	451	490
Total prepaid expenses	**33 061**	**37 050**	**2 113**	**2 368**
Other short-term receivables				
Loans to employees	143	138	9	9
Other receivables from employees	268	725	17	46
Interest receivable	2 270	7 922	145	506
Other short-term receivables	10 347	7 159	662	458
Total other short-term receivables	**13 028**	**15 944**	**833**	**1 019**
Total (Note 5)	**46 089**	**52 994**	**2 946**	**3 387**

Note 9 Inventories

	(EEK '000)		EUR '000	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Gaming equipment	2 845	3 594	182	230
Jackpot prizes	965	450	62	29
Spare parts for slot machines	9 809	4 842	627	309
Other materials	2 167	1 672	138	107
Goods purchased for resale	6 368	3 510	407	224
Total	**22 154**	**14 068**	**1 416**	**899**

Note 10 Non-current assets held for sale

At the Group, non-current assets held for sale include primarily gaming tools retrieved from the Ukrainian segment closed in 2009 and intended to be disposed of. During the financial year, the Group reclassified non-current assets in the amount of EEK 3 303 thousand (EUR 211 thousand) as non-current assets held for sale.

	(EEK '000)	(EUR '000)
Balance as at 31.12.2008	**0**	**0**
Changes occurred in 2009		
Reclassification from property, plant and equipment (Note 15)	41 904	2 678
Disposals	-24 071	-1 538
Balance as at 31.12.2009	**17 833**	**1 140**
Changes occurred in 2010		
Reclassification from property, plant and equipment (Note 15)	3 303	211
Taken into own use	-1 266	-82
Write-offs	-1 776	-114
Disposals	-797	-51
Balance as at 31.12.2010	**17 297**	**1 104**

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

Note 11 Deferred tax assets and liabilities

Break-down of deferred income tax assets and liabilities:

	Tax assets		Tax liabilities		Net	
(EEK '000)	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Employee benefits	4 399	997	0	0	4 399	997
Property, plant and equipment	504	11 909	-13 353	-9 800	-12 849	2 109
Investment property	1 836	1 687	0	0	1 836	1 687
Provisions	630	598	-3 106	0	-2 476	598
Loss carry-forwards	3 511	6 272	0	0	3 511	6 272
Other	19 489	5 009	-1 632	0	17 857	5 009
Total tax assets/liabilities	**30 369**	**26 472**	**-18 091**	**-9 800**	**12 278**	**16 672**
Set-off of deferred tax assets and liabilities	-13 190	-5 077	13 190	5 077	0	0
Net deferred tax assets/liabilities	**17 179**	**21 395**	**-4 901**	**-4 723**	**12 278**	**16 672**
Deferred tax assets/liabilities at beginning of year	21 395	16 847	-4 723	-10 924	16 672	5 923
Deferred tax assets/liabilities at end of year	17 179	21 395	-4 901	-4 723	12 278	16 672
Recognised income/expense during the year (Note 27)	**-4 216**	**4 548**	**-178**	**6 201**	**-4 394**	**10 749**

	Tax assets		Tax liabilities		Net	
(EUR '000)	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Employee benefits	281	64	0	0	281	64
Property, plant and equipment	32	761	-853	-626	-821	135
Investment property	118	108	0	0	118	108
Provisions	40	38	-199	0	-159	38
Loss carry-forwards	224	401	0	0	224	401
Other	1 246	319	-104	0	1 142	319
Total tax assets/liabilities	**1 941**	**1 691**	**-1 156**	**-626**	**785**	**1 065**
Set-off of deferred tax assets and liabilities	-843	-324	843	324	0	0
Net deferred tax assets/liabilities	**1 098**	**1 367**	**-313**	**-302**	**785**	**1 065**
Deferred tax assets/liabilities at beginning of year	1 367	1 077	-302	-698	1 065	379
Deferred tax assets/liabilities at end of year	1 098	1 367	-313	-302	785	1 065
Recognised income/expense during the year (Note 27)	**-269**	**290**	**-11**	**396**	**-280**	**686**

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

Note 12 Subsidiaries

	Domicile	Ownership interest 31.12.10	31.12.09	Core activity	Owner
Olympic Casino Eesti AS	Estonia	95%	95%	Organisation of gaming	OEG
Nordic Gaming OÜ	Estonia	100%	100%	Holding activities	OEG
Kungla Investeeringu AS	Estonia	100%	100%	Hotel services, catering	OEG
Fortuna Travel OÜ	Estonia	95%	95%	Casino tourism	Olympic Casino Eesti
Kasiino.ee OÜ	Estonia	100%	100%	Internet solutions	OEG
Kesklinna Hotelli OÜ	Estonia	97.5%	97.5%	Hotel services	OEG
Olympic Casino Latvia SIA	Latvia	100%	100%	Organisation of gaming	OEG
Ahti SIA	Latvia	100%	100%	Bar services	OEG
Olympic Casino Group Baltija UAB	Lithuania	100%	100%	Organisation of gaming	OEG
Mecom Grupp UAB	Lithuania	100%	100%	Bar services	OEG
Olympic Casino Bel IP	Belarus	100%	100%	Organisation of gaming	OEG
Silber Investments Sp. Z o.o.	Poland	100%	100%	Holding activities	OEG
Baina Investments Sp. Z o.o.	Poland	100%	100%	Holding activities	OEG
Casino-Polonia Wroclaw Sp.Z.o.o.	Poland	33.33%	33.33%	Organisation of gaming	OEG
Casino-Polonia Wroclaw Sp.Z.o.o.	Poland	33.33%	33.33%	Organisation of gaming	Silber Investments
Casino-Polonia Wroclaw Sp.Z.o.o.	Poland	13,33%	13,33%	Organisation of gaming	Baina Investments
Olympic Casino Bucharest S.r.l.	Romania	100%	100%	Organisation of gaming	OEG
Muntenia Food Beverage S.r.l	Romania	90%	90%	Bar services	OEG
Muntenia Food Beverage S.r.l	Romania	10%	10%	Bar services	Olympic Casino Bucharest
Olympic Exchange S.r.l	Romania	90%	90%	Currency exchange	OEG
Olympic Exchange S.r.l	Romania	10%	10%	Currency exchange	Olympic Casino Bucharest
Olympic Casino Slovakia S.r.o.	Slovakia	100%	100%	Organisation of gaming	OEG
Olympic F & B S.r.o.	Slovakia	100%	100%	Bar services	OEG
Olympic Casino Ukraine TOV	Ukraine	100%	100%	Bankrupt (Note 2)	OEG
Alea Private Company	Ukraine	100%	100%	Bankrupt (Note 2)	Olympic Casino Ukraine
Eldorado Leisure Company	Ukraine	100%	100%	Bankrupt (Note 2)	Olympic Casino Ukraine
Ukraine Leisure Company	Ukraine	100%	100%	Bankrupt (Note 2)	Olympic Casino Ukraine

Note 13 Other long-term receivables

	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Long-term rental prepayments	10 852	11 878	694	759
Other long-term receivables	3 992	4 105	255	262
Total	**14 844**	**15 983**	**949**	**1 021**

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

Note 14 Investment property

(EEK '000)	Land	Buildings	Total
At 31 December 2008	**43 630**	**1 700**	**45 330**
Disposals and write-offs	-2 270	0	-2 270
Revaluation to fair value	-19 052	-350	-19 402
At 31 December 2009	**22 308**	**1 350**	**23 658**
Disposals and write-offs	-970	0	-970
Revaluation to fair value	-708	150	-558
At 31 December 2010	**20 630**	**1 500**	**22 130**

(EUR '000)	Land	Buildings	Total
At 31 December 2008	**2 788**	**109**	**2 897**
Disposals and write-offs	-145	0	-145
Revaluation to fair value	-1 218	-22	-1 240
At 31 December 2009	**1 425**	**87**	**1 512**
Disposals and write-offs	-62	0	-62
Revaluation to fair value	-45	9	-36
At 31 December 2010	**1 318**	**96**	**1 414**

Land includes forest land acquired for capital appreciation and building rights to a property acquired for real estate development in Vilnius. Buildings include an apartment acquired to earn rentals and for capital appreciation.

Investment property was revalued using the assistance of a professional real estate appraiser Centro Kubas - Nekilnojamasis turtas UAB in Lithuania, and Real Estate Agency Uus Maa and Metsatervenduse OÜ in Estonia. The fair value of the investment property has been estimated using sales comparison method.

In the reporting period, part of the forest land was sold for EEK 1 000 thousand (EUR 64 thousand). In 2009, the forest land was sold for EEK 1 244 thousand (EUR 80 thousand).

In 2010, rental income from investment property amounted to EEK 229 thousand (EUR 15 thousand) and in 2009, EEK 286 thousand (EUR 18 thousand). Other expenses on investment property (utility, security, insurance, and land tax charges) totalled EEK 35 thousand (EUR 2 thousand) and in 2009, EEK 33 thousand (EUR 2 thousand).

Note 15 Property, plant and equipment

(EEK '000)

	Land and buildings	Renovation expenditures	Plant and equipment	Other PP&E	Under construction	Total
As at 31 December 2008						
Cost	14 034	604 672	1 468 732	166 213	42 837	2 296 488
Accumulated depreciation and impairment	-4 355	-263 202	-638 871	-76 984	0	-983 412
Carrying amount	**9 679**	**341 470**	**829 861**	**89 229**	**42 837**	**1 313 076**
Movements in 2009						
Additions	64	15 860	17 760	5 811	26 835	66 330
Reclassifications	2 435	46 290	27 627	-17 026	-59 326	0
Reclassification as non-current assets held for sale	0	-603	-40 869	-432	0	-41 904
Depreciation from continuing operations	-3 374	-72 351	-199 766	-23 914	0	-299 405
Depreciation from discontinued operations	0	-4 253	-22 980	-734	0	-27 967
Impairment loss from continuing operations	0	-4 962	-10 703	0	0	-15 665
Impairment loss from discontinued operations	0	-35 293	-110 317	-3 592	0	-149 202
Carrying amount of PP&E written off, continuing operations	0	-24 490	5 169	-3 864	-3 555	-26 740
Carrying amount of PP&E written off, discontinued operations	0	-152	-404	0	0	-556
Carrying amount of PP&E disposed of, continuing operations	0	-51	-72 639	-1 306	0	-73 996
Effects of movements in exchange rates	127	-2 304	-6 308	-425	-1 304	-10 214
Carrying amount 31.12.09	**8 931**	**259 161**	**416 431**	**43 747**	**5 487**	**733 757**
As at 31 December 2009						
Cost	14 101	485 794	1 103 462	97 889	5 487	1 706 733
Accumulated depreciation and impairment	-5 170	-226 633	-687 031	-54 142	0	-972 976
Carrying amount	**8 931**	**259 161**	**416 431**	**43 747**	**5 487**	**733 757**
Movements in 2010						
Additions	0	12 154	41 394	1 042	13 821	68 411
Reclassifications	0	3 412	2 236	312	-5 960	0
Reclassification as non-current assets held for sale	-3 303	0	0	0	0	-3 303
Depreciation in the reporting period	-759	-64 024	-172 255	-16 721	0	-253 759
Return of leased assets	0	0	-14 494	0	0	-14 494
Impairment losses	0	-4 689	0	0	0	-4 689
Carrying amount of PP&E written off	0	-8 260	-1 530	-2 360	0	-12 150
Carrying amount of PP&E disposed of	0	0	-2 632	-154	0	-2 786
Effects of movements in exchange rates	34	2 124	5 331	-55	26	7 460
Carrying amount 31.12.10	**4 903**	**199 878**	**274 481**	**25 811**	**13 374**	**518 447**
As at 31 December 2010						
Cost	9 517	480 643	1 096 173	89 875	13 374	1 689 582
Accumulated depreciation and impairment	-4 614	-280 765	-821 692	-64 064	0	-1 171 135
Carrying amount	**4 903**	**199 878**	**274 481**	**25 811**	**13 374**	**518 447**

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

(EUR '000)

	Land and buildings	Renovation expenditures	Plant and equipment	Other PP&E	Under construction	Total
As at 31 December 2008						
Cost	896	38 646	93 869	10 623	2 738	146 772
Accumulated depreciation and impairment	-278	-16 822	-40 831	-4 920	0	-62 851
Carrying amount	**618**	**21 824**	**53 038**	**5 703**	**2 738**	**83 921**
Movements in 2009						
Additions	4	1 014	1 135	371	1 715	4 239
Reclassifications	156	2 958	1 766	-1 088	-3 792	0
Reclassification as non-current assets held for sale	0	-39	-2 611	-28	0	-2 678
Depreciation from continuing operations	-216	-4 624	-12 767	-1 528	0	-19 135
Depreciation from discontinued operations	0	-272	-1 469	-47	0	-1 788
Impairment loss from continuing operations	0	-317	-684	0	0	-1 001
Impairment loss from discontinued operations	0	-2 256	-7 050	-230	0	-9 536
Carrying amount of PPE written off, continuing operations	0	-1 565	330	-247	-227	-1 709
Carrying amount of PPE written off, discontinued operations	0	-10	-25	0	0	-35
Carrying amount of PPE disposed of, continuing operations	0	-3	-4 643	-83	0	-4 729
Effects of movements in exchange rates	8	-146	-405	-27	-83	-653
Carrying amount 31.12.09	**570**	**16 564**	**26 615**	**2 796**	**351**	**46 896**
As at 31 December 2009						
Cost	900	31 048	70 524	6 256	351	109 079
Accumulated depreciation and impairment	-330	-14 484	-43 909	-3 460	0	-62 183
Carrying amount	**570**	**16 564**	**26 615**	**2 796**	**351**	**46 896**
Movements in 2010						
Additions	0	777	2 645	67	883	4 372
Reclassifications	0	218	143	20	-381	0
Reclassification as non-current assets held for sale	-211	0	0	0	0	-211
Depreciation of the reporting period	-48	-4 092	-11 009	-1 069	0	-16 218
Return of leased assets	0	0	-927	0	0	-927
Impairment losses	0	-300	0	0	0	-300
Carrying amount of PPE written off	0	-528	-98	-151	0	-777
Carrying amount of PPE disposed of	0	0	-168	-10	0	-178
Effects of movements in exchange rates	2	136	341	-3	2	478
Carrying amount 31.12.10	**313**	**12 775**	**17 542**	**1 650**	**855**	**33 135**
As at 31 December 2010						
Cost	608	30 719	70 058	5 744	855	107 984
Accumulated depreciation and impairment	-295	-17 944	-52 516	-4 094	0	-74 849
Carrying amount	**313**	**12 775**	**17 542**	**1 650**	**855**	**33 135**

Information on leased assets is presented in Note 16. Lease payments and lease liabilities are disclosed in Note 18.

Assets under construction include expenditures incurred in connection with assets constructed for the Group's own use. Upon completion, the assets will be transferred to the appropriate category of property, plant and equipment. Assets under construction include expenditures incurred for construction of a hotel in Estonia and those related to construction of an office building in Lithuania. No items of property, plant and equipment have been pledged as collateral, and the Group has no obligation to invest in property, plant and equipment.

In 2010, the impairment losses of property, plant and equipment totalled EEK 4 689 thousand (EUR 300 thousand), of which EEK 4 252 thousand (EUR 272 thousand) was related to impairment of reconstruction expenditures incurred at the Polish subsidiary due to the closing of casinos in 2011 and EEK 437 thousand (EEK 28 thousand) was related to impairment of reconstruction expenditures incurred at the Estonian subsidiary due to the relocation of the gaming hall of Tartu in 2011.

In 2009, the impairment losses of property, plant and equipment totalled EEK 164 867 thousand (EEK 10 537 thousand), of which, EEK 149 202 thousand (EUR 9 536 thousand) was related to impairment of non-current assets due to liquidation of Ukrainian subsidiaries, EEK 9 453 thousand (EUR 604 thousand) to impairment of slot machines at the warehouses of subsidiaries and EEK 4 962 thousand (EUR 317 thousand) to impairment of renovation expenditures of the Lithuanian subsidiary due to the closing of casinos in 2010 and EEK 1 250 thousand (EUR 80 thousand) related to reclassification of the non-current assets of the Estonia subsidiary as held for sale.

In 2010, the carrying amount of items of property, plant and equipment written off totalled EEK 12 150 thousand (EUR 777 thousand), of which EEK 9 859 thousand (EUR 630 thousand) was related to the closing of a gaming hall of the Polish subsidiary.

In 2009, the carrying amount of items of property, plant and equipment written off totalled EEK 27 296 thousand (EUR 1 744 thousand), of which EEK 24 642 thousand (EUR 1 575 thousand) was related to the closing of a gaming halls of the Estonian, Latvian, Lithuanian, Romanian and Polish subsidiaries.

Note 16. Leased assets

The Group as a lessee

Assets leased under finance lease terms

The assets leased under finance lease term comprise gaming equipment at the Latvian subsidiary. The agreement was entered into in July 2007 with the term of 4 years and interest rate 4.8% p.a., the underlying currency of the agreement is the euro. As at 31.12.2009, the carrying amount of the assets was EEK 17 883 thousand (EEK 1 143 thousand). In January 2010, the finance lease agreement was terminated and leased slot machines were returned to vendor.

Information on finance lease liabilities is disclosed in Note 18.

Assets leased under operating lease terms

Group entities lease rental premises under operating lease terms. In 2010, operating lease payments totalled EEK 168 732 thousand (EUR 10 784 thousand) and in 2009, EEK 263 863 thousand (EUR 16 864 thousand).

The amounts of non-cancellable operating lease payments have been determined on the basis of lease payments under non-cancellable lease agreements.

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Due				
in less than 1 year	123 669	104 486	7 904	6 678
between 1 and 5 years	373 841	412 836	23 893	26 385
after 5 years	238 152	252 017	15 221	16 107

Group as a lessor

The Group as the lessor leases out premises under operating lease terms. In 2010, operating lease income totalled EEK 2 455 thousand (EUR 157 thousand) and in 2009, EEK 2 170 thousand (EUR 139 thousand).

Future lease payments under non-cancellable operating leases.

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
due in less than 1 year	1 594	2 196	102	140
due between 1 and 5 years	2 645	4 716	169	301
due after 5 years	22	478	1	31

Note 17 Intangible assets

(EEK '000)	Goodwill	Lease contracts	Software and licenses	Pre-payments	Total
As at 31 December 2008					
Cost	464 886	32 009	49 547	521	546 963
Accumulated amortisation	-3 764	-6 870	-27 870	0	-38 504
Carrying amount	**461 122**	**25 139**	**21 677**	**521**	**508 459**
Movements in 2009					
Additions	0	0	9 991	79	10 070
Reclassification	0	0	30	-30	0
Amortisation from continuing operations	0	-3 248	-7 318	0	-10 566
Amortisation from discontinued operations	0	0	-1 316	0	-1 316
Carrying amount of PP&E written off, continuing operations	0	-21 891	-2 969	-520	-25 380
Carrying amount of PP&E written off, discontinued operations	-32 769	0	0	0	-32 769
Effects of movements in exchange rates	2 331	0	-52	0	2 279
Carrying amount 31.12.2009	**430 684**	**0**	**20 044**	**50**	**450 778**
As at 31 December 2009					
Cost	430 684	0	51 922	50	482 656
Accumulated amortisation	0	0	-31 878	0	-31 878
Carrying amount	**430 684**	**0**	**20 044**	**50**	**450 778**
Movements in 2010					
Additions	0	0	5 140	5 388	10 528
Reclassification	0	0	5 084	-5 084	0
Amortisation from continuing operations	0	0	-8 785	0	-8 785
Carrying amount of PPE written off, continuing operations	0	0	-1 127	0	-1 127
Effects of movements in exchange rates	4 290	0	-951	-9	3 330
Carrying amount 31.12.2010	**434 974**	**0**	**19 405**	**345**	**454 724**
As at 31 December 2010					
Cost	434 974	0	54 930	345	490 249
Accumulated amortisation	0	0	-35 525	0	-35 525
Carrying amount	**434 974**	**0**	**19 405**	**345**	**454 724**

(EUR '000)	Goodwill	Lease contracts	Software and licenses	Pre-payments	Total
As at 31 December 2008					
Cost	29 712	2 046	3 167	33	34 958
Accumulated amortisation	-241	-439	-1 781	0	-2 461
Carrying amount	**29 471**	**1 607**	**1 386**	**33**	**32 497**
Movements in 2009					
Additions	0	0	639	5	644
Reclassification	0	0	2	-2	0
Amortisation from continuing operations	0	-208	-468	0	-676
Amortisation from discontinued operations	0	0	-84	0	-84
Carrying amount of PP&E written off, continuing operations	0	-1 399	-190	-33	-1 622
Carrying amount of PP&E written off, discontinued operations	-2 094	0	0	0	-2 094
Effects of movements in exchange rates	149	0	-4	0	145
Carrying amount 31.12.2009	**27 526**	**0**	**1 281**	**3**	**28 810**
As at 31 December 2009					
Cost	27 526	0	3 318	3	30 847
Accumulated amortisation	0	0	-2 037	0	-2 037
Carrying amount	**27 526**	**0**	**1 281**	**3**	**28 810**
Movements in 2010					
Additions	0	0	329	344	673
Reclassification	0	0	325	-325	0
Amortisation from continuing operations	0	0	-561	0	-561
Carrying amount of PP&E written off, continuing operations	0	0	-72	0	-72
Effects of movements in exchange rates	274	0	-61	-1	212
Carrying amount 31.12.2010	**27 800**	**0**	**1 241**	**21**	**29 062**
As at 31 December 2010					
Cost	27 800	0	3 511	21	31 332
Accumulated amortisation	0	0	-2 270	0	-2 270
Carrying amount	**27 800**	**0**	**1 241**	**21**	**29 062**

Disposals of goodwill

In 2009, impairment of goodwill in the total amount of EEK 32 769 thousand (EUR 2 094 thousand) was recognised in connection with the liquidation of the Ukrainian entities. In 2010, no impairment losses were recognised for goodwill.

Impairment tests and impairment losses

Management tested goodwill for impairment as at 31 December 2010 and 31 December 2009. The Group regards segments as cash-generating units. The break-down of goodwill between segments is as follows:

	(EEK '000)		(EUR '000)	
Segment	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Estonia	202 894	202 894	12 967	12 967
Latvia	112 867	112 902	7 214	7 216
Poland	119 213	114 888	7 619	7 343
	434 974	**430 684**	**27 800**	**27 526**

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

The recoverable amount of goodwill was identified by reference to the units' value in use. Value in use was determined using detailed pre-tax operating cash flow estimates for the next five years. The following key assumptions based on prior period experience by the Management Board and expectations in respect of the future growth rates in the respective regions were applied:

	Average income growth in 5-year period		**Average expense growth in 5-year period**		**WACC**		**Terminal growth rate**	
Segment	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Estonia	6%	10%	4%	6%	12.17%	14.69%	3%	3%
Latvia	5%	4%	4%	3%	18.14%	14.71%	3%	3%
Poland	7%	7%	4%	4%	15.07%	16.48%	3%	3%

In 2010 and 2009, no impairment losses were recognised for goodwill.

Note 18 Borrowings

Total borrowings

	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Current portion	48 641	88 145	3 109	5 633
Non-current portion	97 491	221 032	6 231	14 127
Total	**146 132**	**309 177**	**9 340**	**19 760**

Bank loans

	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Loan liabilities at beginning of year	294 700	258 713	18 835	16 535
Loans received	0	55 545	0	3 550
Loan repayments made	-148 779	-19 558	-9 509	-1 250
Loan liabilities at end of year	145 921	294 700	9 326	18 835
current portion	48 641	73 675	3 109	4 708
non-current portion	97 280	221 025	6 217	14 127
Interest expense of reporting period	10 864	18 261	694	1 167

In 2008, the Company received a bank loan with the limit of EUR 25 million and the due date of 25.12.2013. From 07.04.2010, the fixed interest rate on the loan is 5.45% p.a. The loan repayments commenced in March 2010 as quarterly instalment payments. In April 2010, the loan was prematurely paid off in the amount of EEK 93 880 thousand (EUR 6 000 thousand).

The loan is guaranteed by a pledge in favour of AS Swedbank in the form of financial collateral on the shares of OEG's subsidiaries in Estonia, Latvia, Lithuania, Poland and in the form of guarantee from OEG subsidiaries in Belarus, Romania and Slovakia.

Finance lease liabilities

	('000 EEK)		('000 EUR)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Finance lease liabilities at beginning of the year	14 470	19 051	925	1 218
Principal payments made	0	-4 565	0	-292
Cancellation of lease agreement	-14 494	0	-927	0
Effect of movements in exchange rates	24	-16	2	-1
Finance lease liabilities at end of the year	0	14 470	0	925
Current portion	0	14 470	0	925
Finance charge for the year	0	1 235	0	79
Average interest rate	0%	4.8%	0%	4.8%

Gaming equipment was leased under finance lease term for the Latvian subsidiary in July 2007, with the term of 4 years and interest rate of 4.8% p.a., the underlying currency was the euro. In January 2010, the finance lease agreement was cancelled and leased slot machines were returned to vendor.

Other borrowings

	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Other long-term borrowings	211	7	14	0
Total	**211**	**7**	**14**	**0**

Note 19 Trade and other payables

	(EEK '000)		EUR '000	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Customer prepayments	20 288	16 252	1 297	1 039
Trade payables	41 264	27 513	2 637	1 758
Other payables	2 655	2 896	170	185
Tax liabilities (Note 7)	50 119	48 695	3 203	3 112
Payables to employees	45 505	44 788	2 908	2 863
Interest payable	132	245	8	16
Other accrued expenses	8 740	9 741	559	622
Total	**168 703**	**150 130**	**10 782**	**9 595**

Note 20 Provisions

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Provisions for winnings				
At beginning of the year	4 760	8 689	304	555
Provisions made during the year	133 087	40 390	8 506	2 581
Provisions used during the year	-130 709	-44 319	-8 354	-2 832
Provisions for winnings at end of the year	**7 138**	**4 760**	**456**	**304**
Provisions for expenses				
At beginning of the year	13 187	4 108	842	263
Provisions made during the year	14 279	13 187	913	843
Provisions used during the year	-8 099	-4 108	-517	-263
Provisions for expenses at end of the year	**19 367**	**13 187**	**1 238**	**843**
Total provisions	**26 505**	**17 947**	**1 694**	**1 147**

Provisions for winnings include the amounts calculated by electronic jackpot systems. The jackpot amount increases on account of stakes played at each automatic slot machine connected to the system. The likelihood of winning depends on the number of automatic slot machines connected to the system, the stakes made by the clients and the number of clients playing at such automatic slot machines. The winnings occur within a range that is determined in the system on a random basis.

Provisions for expenses include provisions for rent of gaming halls upon termination of the lease contract in the amount of EEK 12 989 thousand (EUR 830 thousand) for 2010 and the annual bonuses likely to be paid for 2010 in the amount of EEK 6 378 thousand (EUR 408 thousand), inclusive of social security taxes.

Note 21 Equity

Share capital

At the Extraordinary General Meeting of Shareholders held at 25 August 2010, it was decided to increase the share capital of OEG in order to exercise the options granted by OEG by issuing 450 384 new shares of OEG, for the total of EEK 4 503 840 (EUR 287 847). The subscription period for the shares to be issued was 26 August 2010 – 31 August 2010. A total of 329 505 shares or 73.2% of the issue volume were subscribed for by the entitled persons. As a result of the increase of share capital, the new size of OEG's share capital is EEK 1 513 295 050 (EUR 96 717 181) and the number of shares after the issue is 151 329 505. A monetary contribution was made for the shares to be issued in the amount of EEK 11.18 (EUR 0.72) per share – the nominal value of shares is EEK 10 (EUR 0.64) and the share premium is EUR 1.18 (EUR 0.08).
Each ordinary share carries one vote at General Meetings of Olympic Entertainment Group AS.
In 2009, OEG's share capital amounted to EEK 1 510 000 thousand (EUR 96 507 thousand) and the par value of a share was EEK 10 (EUR 0.64). As at 31 December 2010 and 31 December 2009, all shares which have been issued have been paid for.

Dividends

No dividends were paid in 2009 and 2010. As the Group has no retained earnings as at 31 December 2010, no dividends have been paid to the owners in 2011.

Shares held by the members of the Supervisory and Management Boards and their close family members at 31 December 2010

Name	Number of shares	Ownership interest
Armin Karu	2 900	0,0019%
Jaan Korpusov	36 900	0,0244%
Liina Linsi	16 681	0,0110%
Peep Vain	33 362	0,0220%
Indrek Jürgenson	689	0,0005%

At 31 December 2010, close family members of Armin Karu held 8 300 shares.

Shareholders whose ownership interest exceeded 1% at 31 December 2010

Name	Number of shares	Ownership interest
OÜ HansaAssets (shareholder Armin Karu)	69 411 890	45,8681%
OÜ Hendaya Invest (shareholder Jaan Korpusov)	29 175 010	19,2791%
Nordea Bank Finland Plc	5 065 029	3,3470%
Skandinaviska Enskilda Banken AB clients	3 226 753	2,1323%
Central Securities Depository of Lithuania	3 043 457	2,0111%
Citibank UBS AG London Branch-IPB clients	2 528 100	1,6706%
ING Luxembourg S.A.	2 433 912	1,6084%
BNYM/ING Bank Slaksi A/C ING Parasol	2 264 730	1,4966%
State Street Bank and Trust Omnibus	2 237 510	1,4786%
Firebird Avora Fund LTD	2 127 764	1,4060%

Capital requirements
The Estonian gaming legislation imposes a restriction that gaming services can only be provided by such legal persons whose share capital equals at least EUR 1 million (EEK 15 647 thousand). In Latvia, the share capital of a gaming services provider has to amount to at least LVL 1 million (EEK 22 050 thousand / 1 409 thousand). In Slovakia, the minimum share capital requirement for a gaming services provider is EUR 1 660 thousand (EEK 25 973 thousand). In Belarus, the share capital of a gaming services provider has to amount to USD 20 000 (EEK 217 thousand / EUR 14 thousand). As at 31.12.2010, the subsidiaries Baina Investments S.p. Z.o.o., Silber Investments S.p. Z.o.o., Casino Polonia Wroclaw Sp. Z.o.o., Olympic Casino Bucharest S.r.l., Mecom Grupp UAB and Olympic Casino Bel IP had negative equity. As at 31.12.2009, the following subsidiaries had negative equity: Baina Investments S.p. Z.o.o., Silber Investments S.p. Z.o.o., Casino Polonia Wroclaw Sp. Z.o.o., Olympic Casino Bucharest S.r.l. and Mecom Grupp UAB. The management has taken measures to reach positive amount of equity in these subsidiaries.

Note 22 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. At 31 December 2010, the Group had operations in the Estonian, Latvian, Lithuanian, Belarusian, Romanian, Polish, and Slovak markets.

All segments generate majority of their income from gaming transactions. In addition, Estonian segment is engaged in hotel services.

All amounts provided to the Management Board are measured in a manner consistent with that of the financial statements. Segment assets and liabilities include those that can be allocated to the particular segment based on the operations of the segment and the physical location of the assets. Management estimates that inter-segment transactions have been concluded at market prices and under market conditions.

The total of non-current assets other than financial instruments and deferred tax assets located in Estonia is EEK 318 810 thousand (EUR 20 376 thousand) as at 31 December 2010 (EEK 377 019 thousand (EEK 24 096 thousand) as at 31 December 2009), and the total of these non-current assets located in other countries is EEK 676 491 thousand (EUR 43 235 thousand) as at 31 December 2010 (EEK 831 174 thousand (EUR 53 122 thousand) as at 31 December 2009).

Geographical segments

(EEK '000)	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Segment revenue	432 334	396 625	384 543	366 264	268 899	290 110	49 734	42 468	434 892	440 793	39 756	54 441	139 043	111 867	1 749 201	1 702 568
Inter-segement revenue	-3 308	-7 510	-1 242	-3 669	-87	-65	0	0	-189	-116	-173	0	0	0	-4 999	-11 360
External revenue	**429 026**	**389 115**	**383 301**	**362 595**	**268 812**	**290 045**	**49 734**	**42 468**	**434 703**	**440 677**	**39 583**	**54 441**	**139 043**	**111 867**	**1 744 202**	**1 691 208**
Other external revenue	4 376	2 590	4 856	4 007	49	9	1 124	124	1 393	2 796	2 173	1 725	2 441	25	16 412	11 276
incl. sales proceeds of non-current assets	47	29	0	863	444	9	18	0	0	1	0	485	0	0	509	1 387
Tota revenue	**433 402**	**391 705**	**388 157**	**366 602**	**268 861**	**290 054**	**50 858**	**42 592**	**436 096**	**443 473**	**41 756**	**56 166**	**141 484**	**111 892**	**1 760 614**	**1 702 484**
Total expenses	**-418 648**	**-518 513**	**-312 136**	**-406 080**	**-254 895**	**-328 833**	**-50 539**	**-51 443**	**-463 609**	**-471 357**	**-82 458**	**-155 434**	**-129 265**	**-107 721**	**-1 711 550**	**-2 039 381**
incl. depreciation	-69 571	-79 826	-64 616	-89 609	-35 200	-39 997	-13 917	-14 104	-52 260	-51 084	-13 456	-22 568	-13 524	-12 783	-262 544	-309 971
incl. write-offs and impairment losses of assets	-498	-38 161	-88	-7 679	-339	-10 963	0	-23	-17 041	-1 321	0	-9 638	0	0	-17 966	-67 785
incl. loss on disposal of PP&E	-5	-2 515	-237	-16 720	0	-66	0	0	0	-1	-548	-28 409	0	0	-790	-47 711
incl. change in fair value of investment property	430	-460	0	0	-988	-18 942	0	0	0	0	0	0	0	0	-558	-19 402
Total operating profit (loss)	**14 754**	**-126 808**	**76 021**	**-39 478**	**13 966**	**-38 779**	**319**	**-8 851**	**-27 513**	**-27 884**	**-40 702**	**-99 268**	**12 219**	**4 171**	**49 064**	**-336 897**
Segment assets	1 683 033	1 749 259	385 595	341 506	162 464	228 580	33 716	43 720	309 912	331 245	70 506	99 564	146 554	128 139	2 791 780	2 922 013
Unallocated assets*															30 926	52 721
Eliminations															-1 137 627	-1 198 719
Total assets															**1 685 079**	**1 776 015**
Segment liabilities	47 659	48 017	35 981	61 878	80 363	165 391	134 053	136 667	434 945	426 199	491 487	446 737	131 592	118 856	1 356 080	1 403 745
Unallocated liabilities**															163 991	314 437
Eliminations															-1 160 795	-1 235 907
Total liabilities															**359 276**	**482 275**
Purchase of property, plant and equipment	16 240	6 159	22 677	3 658	8 061	7 419	622	125	15 382	17 776	450	32 061	15 507	8 889	78 939	76 087
Discontinued operations															0	313
Total investments															**78 939**	**76 400**

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

Geographical segments

(EUR '000)	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Consolidated	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Segment revenue	27 631	25 349	24 577	23 408	17 186	18 541	3 178	2 714	27 795	28 172	2 541	3 479	8 886	7 150	111 794	108 813
Inter-segement revenue	-211	-480	-79	-234	-6	-4	0	0	-12	-7	-11	0	0	0	-319	-725
External revenue	**27 420**	**24 869**	**24 498**	**23 174**	**17 180**	**18 537**	**3 178**	**2 714**	**27 783**	**28 165**	**2 530**	**3 479**	**8 886**	**7 150**	**111 475**	**108 088**
Other external revenue	280	165	310	256	3	1	72	8	89	178	139	110	156	2	1 049	720
incl. sales proceeds of non-current assets	3	2	0	55	28	1	1	0	0	0	0	31	0	0	32	89
Tota revenue	**27 700**	**25 034**	**24 808**	**23 430**	**17 183**	**18 538**	**3 250**	**2 722**	**27 872**	**28 343**	**2 669**	**3 589**	**9 042**	**7 152**	**112 524**	**108 808**
Total expenses	**-26 756**	**-33 139**	**-19 949**	**-25 953**	**-16 291**	**-21 016**	**-3 230**	**-3 288**	**-29 630**	**-30 126**	**-5 270**	**-9 934**	**-8 262**	**-6 885**	**-109 388**	**-130 341**
incl. depreciation	-4 446	-5 103	-4 130	-5 727	-2 250	-2 556	-889	-901	-3 340	-3 265	-860	-1 442	-864	-817	-16 779	-19 811
	-32	-2 439	-6	-491	-22	-701	0	-1	-1 089	-84	0	-616	0	0	-1 149	-4 332
incl. write-offs and impairment losses of assets																
incl. loss on disposal of PP&E	0	-161	-15	-1 069	0	-4	0	0	0	0	-35	-1 815	0	0	-50	-3 049
	27	-29	0	0	-63	-1 211	0	0	0	0	0	0	0	0	-36	-1 240
incl. change in fair value of investment property																
Total operating profit (loss)	**944**	**-8 105**	**4 859**	**-2 523**	**892**	**-2 478**	**20**	**-566**	**-1 758**	**-1 783**	**-2 601**	**-6 345**	**780**	**267**	**3 136**	**-21 533**
Segment assets	107 565	111 798	24 644	21 826	10 383	14 609	2 155	2 794	19 807	21 171	4 506	6 363	9 367	8 190	178 427	186 751
Unallocated assets*															1 977	3 369
Eliminations															-72 708	-76 612
Total assets															**107 696**	**113 508**
Segment liabilities	3 046	3 069	2 300	3 955	5 136	10 570	8 567	8 735	27 798	27 239	31 412	28 552	8 410	7 596	86 669	89 716
Unallocated liabilities**															10 481	20 096
Eliminations															-74 188	-78 989
Total liabilities															**22 962**	**30 823**
Purchase of property, plant and equipment	1 038	394	1 449	234	515	474	40	8	983	1 136	29	2 049	991	568	5 045	4 863
Discontinued operations															0	20
Total investments															**5 045**	**4 883**

*Unallocated assets include prepaid corporate income tax, deferred tax assets and interest receivable.
**Unallocated liabilities include corporate income tax liability, deferred tax liabilities, interest payable and debt.

Note 23 Revenue

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Hotel service revenue	17 171	17 436	1 098	1 114
Bar service revenue	69 597	62 513	4 448	3 996
Other revenue	33 048	31 889	2 112	2 038
Total	**119 816**	**111 838**	**7 658**	**7 148**

Note 24 Other income

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Gains on currency exchange services	6 287	5 898	402	377
Gains on disposal of PP&E	509	1 387	32	89
Miscellaneous income	9 616	3 991	615	254
Total	**16 412**	**11 276**	**1 049**	**720**

Note 25 Expenses

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Cost of materials, goods and services used				
Direct catering, accommodation and bar service expenses	-41 612	-51 672	-2 659	-3 303
Other services	-560	-366	-36	-23
Total cost of materials, goods and services used	**-42 172**	**-52 038**	**-2 695**	**-3 326**
Other operating expenses				
Gaming tax and operating licences	-398 538	-390 798	-25 471	-24 977
Marketing expenses	-147 947	-127 246	-9 456	-8 133
Rental expenses	-168 562	-227 130	-10 773	-14 516
Maintenance expenses (equipment and premises)	-98 585	-134 358	-6 301	-8 587
IT expenses	-11 646	-19 110	-744	-1 221
Other expenses	-88 367	-93 614	-5 647	-5 983
Total other operating expenses	**-913 645**	**-992 256**	**-58 392**	**-63 417**
Personnel expenses				
Salaries	-363 826	-406 597	-23 253	-25 987
Social security taxes	-104 931	-123 328	-6 706	-7 882
Total personnel expenses	**-468 757**	**-529 925**	**-29 959**	**-33 869**
Total	**-1 424 574**	**-1 574 219**	**-91 046**	**-100 612**

Note 26 Other expenses

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Loss on disposal and liquidation of property, plant and equipment	-790	-48 128	-51	-3 076
Loss on disposal of investment property	0	-1 026	0	-66
Foreign exchange losses on settlements with suppliers	-3 694	-6 449	-236	-412
Allowance for doubtful receivables	-238	-886	-15	-57
Miscellaneous expenses	-1 186	-11 515	-76	-735
Total	**-5 908**	**-68 004**	**-378**	**-4 346**

Note 27 Income tax expense

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Pre-tax net profit (loss) for the period	42 512	-527 212	2 717	-33 695
Current year's tax expense using the income tax rate of the parent (0%)	0	0	0	0
Tax effects of differences in tax rates of subsidiaries' profits				
Lithuania	-4 102	-40	-262	-3
Latvia	-14 735	0	-942	0
Poland	-804	2 133	-52	138
Romania	-1 274	-864	-82	-55
Deferred income tax income (expense) (Note 11)	-4 394	10 749	-280	686
Income tax income (expense) in the income statement	**-25 309**	**11 978**	**-1 618**	**766**
Attributable to continuing operations	-25 309	11 978	-1 618	766
discontinued operations (Note 2)	0	0	0	0

Note 28 Finance income and costs

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Interest income on term deposits	2 082	1 786	132	114
Interest income on overnight deposits	1 530	1 946	98	124
Other interest income	1 106	5 274	71	337
Interest expense	-10 864	-19 497	-694	-1 246
Foreign exchange profit/loss (net)	103	3 177	7	203
Other finance income and costs	-509	-258	-33	-16
Total	**-6 552**	**-7 572**	**-419**	**-484**

Foreign exchange profit/loss (net) is related to movements in exchange rates of Belarusian ruble, Polish zloty and Romanian leu to Estonian kroon/euro.

Note 29 Earnings per share

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Net profit attributable to equity holders of the parent	17 885	-513 069	1 143	-32 791
Weighted average number of shares outstanding (in thousands)	151 098	151 000	151 098	151 000
Basic and diluted earnings per share	**0,12**	**-3,40**	**0,01**	**-0,22**

	EEK	EEK	EUR	EUR
Contractual price of a share option	-	10,27	-	0,66
Fair value of a share option (weighed average)	-	7,56	-	0,48
Total exercise price of a share option	-	17,83	-	1,14
Average market price of a share in 2010 and 2009	-	9,33	-	0,60
Exercisable share options (in thousands)	-	386	-	386
Dilutive effect of share options (in thousands)	-	0	-	0

The calculation of basic earnings (loss) per share is based on the net profit (loss) attributable to the shareholders of the parent and the weighted average number of shares. For calculation of the weighted average number of shares for the period 1 January – 13 September 2010, the number of shares used is 151 000 000 pcs and for the period 14 September – 31 December 2010, 151 329 505 pcs (January – December 2009: 151 000 000 pcs) .

Note 30 Share-based payments

In 2007, the members of the Management and Supervisory Boards of Olympic Entertainment Group AS and the Group's key personnel were granted share options.

Based on their vesting periods, the options have been divided into three portions - series 2008, 2009 and 2010 which allow acquiring a maximum of 3 770 000 shares. The exact number of the shares which may be subscribed to by a board member or employee depends on an effective employment relationship and the achievement of the financial targets of the Group and the department or business line the board member or employee is responsible for or involved in. The exercise price of the series 2008 options is the IPO price of the share plus 10%. For series 2009 and 2010, the exercise price is the weighted average trading price of the share on the Tallinn Stock Exchange during the periods 1 January 2008 - 31 December 2008 and 1 January 2009 - 31 December 2009, respectively, plus 10%.

The share options granted to board members and the key personnel are accounted for as consideration for services rendered to the Group. The fair value of services rendered is measured at the fair value of the instruments granted at the grant date. The fair value of the share options is determined using the Black-Scholes option pricing model.

At the grant date of options in January 2007, certain assumptions were used for determining the fair value of options. Volatility was determined on the basis of historical volatility of 2-4 year options and interest rates were determined on the basis of actual market interest rates.

	Management and Supervisory Board		Key personnel	
	EEK	EUR	EEK	EUR
Fair value of an option (weighted average price)	5,78	0,37	7,99	0,51
Share price (weighed average)	74,21	4,74	82,32	5,26
Exercise price (weighed average, in kroons)	69,15	4,42	74,92	4,79
Volatility %	20%	20%	20%	20%
Dividends %	1%	1%	1%	1%
Interest rate %	6%	6%	6%	6%

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Expense of share-based payments recognised as personnel expenses	228	392	15	25

Series	**Grant date of options**	**Maximum number of options**	**Vesting conditions**	**Contractual term of options**
2008	January 2007	1 089 928	Effective employment relationship, achievement of set financial and business targets	4 years
2009	January 2008	1 340 036	Effective employment relationship, achievement of set financial and business targets	3 years
2010	January 2009	1 340 036	Effective employment relationship, achievement of set financial and business targets	2 years

Exercisable share options (in thousands)	**2010**	**2009**
Share options outstanding at beginning of the year	386	599
Share options granted during the year	1 340	1 340
Effect of non-satisfaction of vesting conditions	-1 276	-954
Share options not exercised	-121	-599
Share options exercised	-329	0
Share options outstanding at the end of the year	0	386

Note 31 Transactions with related parties

For the purposes of these consolidated financial statements, related parties include:
a. shareholders with significant influence;
b. members of the executive and higher management;
c. close family members of and companies related to the above

Transactions concluded with related parties in 2010 and 2009.

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M. P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

		(EEK '000)		(EUR '000)	
		2010	**2009**	**2010**	**2009**
Related party	**Transaction**	Purchases	Purchases	Purchases	Purchases
Shareholder with significant influence	Lease of business premises	1 143	1 110	73	71
Company related to the member of the Supervisory Board	Purchase of goods	61	60	4	4
Company related to the member of the Supervisory Board	Training expenses	111	0	7	0
Total		**1 315**	**1 170**	**84**	**75**

As at 31.12.2010 and 31.12.2009, there were no balances of receivables and liabilities.

In 2010, remuneration and benefits, including social security taxes of the members of the Supervisory and Management Board totalled EEK 5,110 thousand (EUR 327 thousand), in 2009, EEK 5,880 thousand (EUR 376 thousand).

At the Extraordinary General Meeting of Shareholders held at 25 August 2010, in order to exercise the options granted by OEG it was decided to increase the share capital of OEG by issuing 450 384 new shares of OEG, for the total of EEK 4 503 840 (EUR 287 847). The subscription period for the shares to be issued was 26 August. 2010 – 31 August 2010. The members of the Management and Supervisory Boards subscribed for 98 973 shares or 22.0% of the issue volume.

Note 32 Financial instruments

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 Company.

Business risks

The macro-economic development of activity 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 hedged by representation of the risk in seven different jurisdictions.

Financial instruments by type

Financial assets

(EEK '000)	Held-to-maturity financial assets 31.12.2010	31.12.2009	Loans and receivables 31.12.2010	31.12.2009	Total 31.12.2010	31.12.2009
Cash and cash equivalents (Note 3)	0	0	453 130	286 067	**453 130**	**286 067**
Financial investments (Note 4)	14 510	61 405	61 607	48 184	**76 117**	**109 589**
Trade receivables (Note 6)	0	0	5 412	5 473	**5 412**	**5 473**
Other receivables	0	0	25 190	23 138	**25 190**	**23 138**
Total	**14 510**	**61 405**	**545 339**	**362 862**	**559 849**	**424 267**

Financial liabilities

(EEK '000)	Liabilities at amortised cost 31.12.2010	31.12.2009	Total 31.12.2010	31.12.2009
Borrowings (Note 18)	146 132	309 177	**146 132**	**309 177**
Trade payables (Note 19)	41 264	27 513	**41 264**	**27 513**
Other liabilities (Note 19)	11 528	12 882	**11 528**	**12 882**
Total	**198 924**	**349 572**	**198 924**	**349 572**

Financial assets

(EUR '000)	Held-to-maturity financial assets 31.12.2010	31.12.2009	Loans and receivables 31.12.2010	31.12.2009	Total 31.12.2010	31.12.2009
Cash and cash equivalents (Note 3)	0	0	28 960	18 283	**28 960**	**18 283**
Financial investments (Note 4)	927	3 924	3 937	3 080	**4 864**	**7 004**
Trade receivables (Note 6)	0	0	346	350	**346**	**350**
Other receivables	0	0	1 610	1 479	**1 610**	**1 479**
Total	**927**	**3 924**	**34 853**	**23 192**	**35 780**	**27 116**

Financial liabilities

(EUR '000)	Liabilities at amortised cost 31.12.2010	31.12.2009	Total 31.12.2010	31.12.2009
Borrowings (Note 18)	9 340	19 760	**9 340**	**19 760**
Trade payables (Note 19)	2 637	1 758	**2 637**	**1 758**
Other liabilities (Note 19)	737	823	**737**	**823**
Total	**12 714**	**22 341**	**12 714**	**22 341**

Financial risks

The Company's activities expose it various types of financial risks – market risk (currency risk and interest rate risk), credit risk, liquidity risk and price risk.

Currency risk

The Group earns income in Estonian kroons, Latvian lats, Lithuanian litas, Belarusian rubles, Polish zloty, and Romanian leus and euros. Most of the Group's expenses are incurred in these currencies in its operating markets. Until June 2009, the Group also earned income and incurred expenses in Ukrainian grivnas. The changes in exchange rates of these currencies against the Estonian kroon impact both the Group's revenue and expenses, as a result of which there is no major effect on the Group's operating profit.

The Group's management estimates that possible fluctuation in exchange rates may impact the currency positions, and hence, there is also an effect on the income statement. The best estimate of the management for currency position changes in 2011 is that they will be similar to the actual changes in 2010.

Exposure to currency risk at 31 December 2010

(EEK '000)	EEK	EUR	USD	BYR	LVL	LTL	PLN	RON	Other	Total
Cash and cash equivalents	44 842	261 698	2 510	3 515	82 808	12 918	39 972	4 735	132	**453 130**
Financial investments	0	28 885	0	0	0	32 568	14 663	0	0	**76 116**
Trade receivables	1 253	520	0	0	1 490	455	1 694	0	0	**5 412**
Other receivables	22	3 302	8 102	0	21	854	0	4 308	0	**16 609**
Total	**46 117**	**294 405**	**10 612**	**3 515**	**84 319**	**46 795**	**56 329**	**9 043**	**132**	**551 267**
Short-term borrowings	0	-48 641	0	0	0	0	0	0	0	**-48 641**
Trade payables	-3 491	-19 298	-226	-98	-3 324	-3 849	-8 829	-2 090	-59	**-41 264**
Other current liabilities	-9 952	-8 554	0	-1 005	-11 706	-12 854	-11 938	-1 023	0	**-57 032**
Long-term borrowings	0	-97 280	0	0	0	0	-211	0	0	**-97 491**
Total	**-13 443**	**-173 773**	**-226**	**-1 103**	**-15 030**	**-16 703**	**-20 978**	**-3 113**	**-59**	**-244 428**
Net exposure	**32 674**	**120 632**	**10 386**	**2 412**	**69 289**	**30 092**	**35 351**	**5 930**	**73**	**306 839**
Reasonably possible appreciation of the currency against EEK %	-	-	-8%	-3%	-	-	-4%	-1%	-	-
Reasonably possible depreciation of the currency against EEK %	-	-	8%	3%	-	-	4%	1%	-	-
Effect on profit (loss)	**0**	**0**	**-831**	**-72**	**0**	**0**	**-1 414**	**-59**	**0**	**-2 377**
Effect on profit (loss)	**0**	**0**	**831**	**72**	**0**	**0**	**1 414**	**59**	**0**	**2 377**

Exposure to currency risks at 31 December 2010

(EUR '000)	EEK	EUR	USD	BYR	LVL	LTL	PLN	RON	Other	Total
Cash and cash equivalents	2 866	16 726	160	225	5 292	826	2 555	302	8	**28 960**
Financial investments	0	1 846	0	0	0	2 081	937	0	0	**4 864**
Trade receivables	80	33	0	0	95	29	109	0	0	**346**
Other receivables	1	211	518	0	1	55	0	276	0	**1 062**
Total	**2 947**	**18 816**	**678**	**225**	**5 388**	**2 991**	**3 601**	**578**	**8**	**35 232**
Short-term borrowings	0	-3 109	0	0	0	0	0	0	0	**-3 109**
Trade payables	-223	-1 233	-14	-6	-212	-246	-564	-135	-4	**-2 637**
Other current liabilities	-636	-547	0	-64	-748	-821	-763	-66	0	**-3 645**
Long-term borrowings	0	-6 217	0	0	0	0	-14	0	0	**-6 231**
Total	**-859**	**-11 106**	**-14**	**-70**	**-960**	**-1 067**	**-1 341**	**-201**	**-4**	**-15 622**
Net exposure	**2 088**	**7 710**	**664**	**155**	**4 428**	**1 924**	**2 260**	**377**	**4**	**19 610**
Reasonably possible appreciation of the currency against EEK %	-	-	-8%	-3%	-	-	-4%	-1%	-	-
Reasonably possible depreciation of the currency against EEK %	-	-	8%	3%	-	-	4%	1%	-	-
Effect on profit (loss)	**0**	**0**	**-53**	**-5**	**0**	**0**	**-90**	**-4**	**0**	**-152**
Effect on profit (loss)	**0**	**0**	**53**	**5**	**0**	**0**	**90**	**4**	**0**	**152**

Exposure to currency risk at 31 December 2009

(EEK '000)	EEK	EUR	USD	BYR	LVL	LTL	PLN	RON	GBP	CHF	Total
Cash and cash equivalents	51 980	141 981	1 866	4 636	43 245	16 570	18 956	6 780	46	7	286 067
Financial investments	0	18 771	0	0	0	77 529	13 289	0	0	0	109 589
Trade receivables	1 030	265	0	1	1 787	280	1 861	249	0	0	5 473
Other receivables	167	7 643	7 147	1	2 317	10 312	235	3 242	0	0	31 064
Total	**53 177**	**168 660**	**9 013**	**4 638**	**47 349**	**104 691**	**34 341**	**10 271**	**46**	**7**	**432 193**
Short-term borrowings	0	-88 145	0	0	0	0	0	0	0	0	-88 145
Trade payables	-3 996	-8 988	-113	0	-3 344	-5 366	-4 876	-235	-595	0	-27 513
Other current liabilities	-9 403	-7 433	0	-697	-11 194	-12 528	-15 194	-1 221	0	0	-57 670
Long-term borrowings	0	-221 032	0	0	0	0	0	0	0	0	-221 032
Total	**-13 399**	**-325 598**	**-113**	**-697**	**-14 538**	**-17 894**	**-20 070**	**-1 456**	**-595**	**0**	**-394 360**
Net exposure	**39 778**	**-156 938**	**8 900**	**3 941**	**32 811**	**86 797**	**14 271**	**8 815**	**-549**	**7**	**37 833**
Reasonably possible appreciation of the currency against EEK %	-	-	-2%	-25%	-	-	-2%	-5%	-9%	-	
Reasonably possible depreciation of the currency against EEK %	-	-	2%	25%	-	-	2%	5%	9%	-	
Effect on profit (loss)	**0**	**0**	**-178**	**-985**	**0**	**0**	**-285**	**-441**	**49**	**0**	**-1 840**
Effect on profit (loss)	**0**	**0**	**178**	**985**	**0**	**0**	**285**	**441**	**-49**	**0**	**1 840**

Exposure to currency risks at 31 December 2009

(EUR '000)	EEK	EUR	USD	BYR	LVL	LTL	PLN	RON	GBP	CHF	Total
Cash and cash equivalents	3 322	9 075	119	296	2 764	1 059	1 212	433	3	0	18 283
Financial investments	0	1 200	0	0	0	4 955	849	0	0	0	7 004
Trade receivables	66	17	0	0	114	18	119	16	0	0	350
Other receivables	11	488	457	0	148	659	15	207	0	0	1 985
Total	**3 399**	**10 780**	**576**	**296**	**3 026**	**6 691**	**2 195**	**656**	**3**	**0**	**27 622**
Short-term borrowings	0	-5 633	0	0	0	0	0	0	0	0	-5 633
Trade payables	-255	-574	-7	0	-214	-343	-312	-15	-38	0	-1 758
Other current liabilities	-601	-475	0	-45	-715	-801	-971	-78	0	0	-3 686
Long-term borrowings	0	-14 127	0	0	0	0	0	0	0	0	-14 127
Total	**-856**	**-20 809**	**-7**	**-45**	**-929**	**-1 144**	**-1 283**	**-93**	**-38**	**0**	**-25 204**
Net exposure	**2 543**	**-10 029**	**569**	**251**	**2 097**	**5 547**	**912**	**563**	**-35**	**0**	**2 418**
Reasonably possible appreciation of the currency against EEK %	-	-	-2%	-25%	-	-	-2%	-5%	-9%	-	
Reasonably possible depreciation of the currency against EEK %	-	-	2%	25%	-	-	2%	5%	9%	-	
Effect on profit (loss)	**0**	**0**	**-11**	**-63**	**0**	**0**	**-18**	**-28**	**3**	**0**	**-117**
Effect on profit (loss)	**0**	**0**	**11**	**63**	**0**	**0**	**18**	**28**	**-3**	**0**	**117**

The lines in foreign currency risk tables “Other current liabilities” also include payables to employees.

Internal transactions of the Group are primarily concluded in euros, the equity of the Group is influenced by a change in the exchange rate of the Belarusian ruble, Polish zloty and Romanian leu to the euro.

The bank loan of the Group is denominated in euros and is not exposed to the currency risk.

The Group has not used hedging instruments to manage the currency risks in 2010 and 2009.

Interest rate risk
The Group's term deposits (see Notes 3 and 4) are with fixed interest rates. The Group has invested in Lithuanian Government Bonds, which interest rates are fixed and therefore, the Group is not exposed to interest rate risk.

At the balance sheet date, the balance of the Group's bank loan was EEK 145 921 thousand (EUR 9 326 thousand) and as at 31.12.2009, EEK 294 700 thousand (EUR 18 835 thousand). The interest rate on the loan assumed by the Group is fixed from 07.04.2010 and it is 5.45% p.a.

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 credit rating A and B where the most of the Group's funds have been deposited. Since the Group invests available liquid assets in short-term interest-bearing instruments, such as overnight deposits, short and long term deposits offered by the banks primarily with the credit rating of A, they do not expose the Group to any credit risk. All financial assets, except for receivables as disclosed in Note 5, are not due.

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Cash and cash equivalents in bank accounts	384 591	218 178	24 579	13 944
Short and long term financial investments	76 117	109 589	4 864	7 004
Trade receivables	5 412	5 473	346	350
Other receivables	25 190	23 138	1 610	1 479
Total	**491 310**	**356 378**	**31 399**	**22 777**

Credit quality of financial assets in financial institutions by credit risk ratings as published by Moody's Investor Service website:

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Cash and cash equivalents on bank accounts				
Banks with credit rating A	376 433	24 213	24 059	1 547
Banks with credit rating B	4 182	172 452	267	11 022
Other banks	3 976	21 513	253	1 375
Short and long-term financial investments				
Banks with credit rating A	71 228	18 771	4 552	1 200
Banks with credit rating B	0	72 566	0	4 638
Other banks	4 889	18 252	312	1 166
Total	**460 708**	**327 767**	**29 443**	**20 948**

Price risk
Price risk is a risk of possible loss from unfavourable change in the prices of securities. The Group has invested in Lithuanian government bonds. As at 31 December 2010, the investment was EEK 14 442 thousand (EUR 923 thousand) and at 31 December 2009, EEK 61 336 thousand (EUR 3 920 thousand). The Group has not used financial instruments to manage the price risk of bonds.

Liquidity risk
The Group holds its available cash in overnight deposits or fixed-interest rate term deposits. Liquidity risk is mitigated by positive working capital, which as at 31.12.2010 totalled EEK 386 361 thousand (EUR 24 693 thousand) and as at 31.12.2009, EEK 212 519 thousand (EUR 13 584 thousand), respectively.

The following are the undiscounted cash-flows arising from the Group`s financial liabilities:

	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Bank loans (Note 18)	**158 346**	**326 150**	**10 120**	**20 845**
1-3 months	14 091	22 080	901	1 411
3-12 months	41 374	65 051	2 644	4 157
1-5 years	102 881	239 019	6 575	15 277
Finance lease liabilities (Note 18)	**0**	**14 470**	**0**	**925**
1-3 months	0	14 470	0	925
Trade payables (Note 19)	**41 264**	**27 513**	**2 637**	**1 758**
1-3 months	41 264	27 513	2 637	1 758
Other liabilities	**11 528**	**12 882**	**737**	**823**
1-3 months	11 528	12 882	737	823
Total	**211 138**	**381 015**	**13 494**	**24 351**

Fair value

According to the assessment of the Group's management, the carrying amounts of the Group's assets and liabilities do not differ significantly from their fair values. The fair values of assets and liabilities have been determined using the discounted cash flow analysis.

Capital risk management

The Group finances business activities by both debt and equity. The objective of capital risk management is to ensure an optimal capital structure and capital price. In shaping the financing structure and assessing risks, the Group monitors the share of equity in the balance sheet total. The aim of the Group is to maintain the share of equity at least at the level of 50% of the balance sheet total.

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Total equity of the Group	1 325 803	1 293 740	84 734	82 685
Balance sheet total of the Group	1 685 079	1 776 015	107 696	113 508
Share of equity of the balance sheet total	78,7%	72,8%	78,7%	72,8%

Information about requirements regarding the equities of subsidiaries of the Group is disclosed in Note 21.

Note 33 Accounting estimates and judgements

The preparation of financial statements in compliance with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and assumptions are based on historical experience and various other factors, including projections of future events, which are believed to be reasonable under the circumstances.

Deferred income tax (Note 11)

Deferred income tax assets of foreign subsidiaries have arisen from the expected realisation of tax losses incurred in the previous periods through profits that will be earned in the future. Deferred income tax assets are disclosed in a part that is expected to be realised. Profits earned in the future and realisation of probable tax losses are assessments based on the forecasts of the management on the development and results of the respective market. The deferred income tax liability is recognised for all taxable temporary differences, taking into account a difference between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is calculated on the basis of tax rates applicable at the balance sheet date, which is expected to apply also to the realisation of deferred income tax asset or liability.

The carrying amount of deferred income tax was EEK 17 179 thousand (EUR 1 098 thousand) and EEK 21 395 thousand (EUR 1 367 thousand) as at 31.12.2010 and 31.12.2009, respectively. The carrying amount of deferred income tax liability was EEK 4 901 thousand (EUR 313 thousand) and EEK 4 723 thousand (EUR 302 thousand) as at 31.12.2010 and 31.12.2009, respectively.

Useful lives of property, plant and equipment, and intangible assets (Notes 15 and 17)

Management determines the useful lives of property, plant and equipment and other intangible assets on the basis of historical experience and assessment of future trends and prospects.

As at 31 December 2010, the carrying amount of non-current assets was EEK 518 447 thousand (EUR 33 135 thousand) and as at 31 December 2009, EEK 733 757 thousand (EUR 46 896 thousand). As at 31 December 2010, the carrying amount of other intangible assets was EEK 19 750 thousand (EUR 1 262 thousand) and as at 31 December 2009, EEK 20 094 thousand (EUR 1 284 thousand).

If useful lives of items of property, plant and equipment were decreased by 10%, the annual depreciation charge would increase by EEK 28 195 thousand (EUR 1 802 thousand) and if useful lives of items of property, plant and equipment were increased by 10%, the annual depreciation charge would decrease by EEK 23 069 thousand (EUR 1 474 thousand).

If useful lives of other intangible assets were decreased by 10%, the annual amortisation charge would increase by EEK 976 thousand (EUR 62 thousand) and if useful lives of other intangible assets were increased by 10%, the annual amortisation charge would decrease by EEK 799 thousand (EUR 51 thousand).

Estimating the recoverable amount of goodwill (Note 17)

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill as an intangible asset with an unlimited useful life is not amortised, but is tested for impairment at least once a year. The management of the Group has carried out impairment tests of goodwill. Estimates used by the management for valuation of goodwill are disclosed in Note 17.

The carrying amount of goodwill was EEK 434 974 thousand (EUR 27 800 thousand) and EEK 430 684 thousand (EUR 27 526 thousand) as at 31.12.2010 and 31.12.2009, respectively.

Provisions (Note 20)

In measuring provisions, the management of the Group is guided by the best knowledge with regard to possible events in future periods. The provisions in the balance sheet amount to EEK 26 505 thousand (EUR 1 694 thousand) and EEK 17 947 thousand (EUR 1 147 thousand) as at 31.12.2010 and 31.12.2009, respectively.

Note 34 Contingent liabilities

In assessing the probability that a contingent liability will result in a present obligation, management relies on its best judgment, historical experience, general background information and indications of possible future events.

In 2007, Olympic Casino Ukraine TOV, a subsidiary of Olympic Entertainment Group AS, acquired three subsidiaries in Ukraine: Alea Private Company, Eldorado Leisure Company and Ukraine Leisure Company. The cost of transactions was EEK 145 263 thousand (EUR 9 284 thousand), of which EEK 13 112 thousand (EUR 838 thousand) had to be paid by Olympic Casino Ukraine TOV to the seller within two years after the business combination. In 2009, the organisation of gambling was prohibited in Ukraine, as a result of which Olympic Casino Ukraine TOV went bankrupt and could not pay the seller the last instalment in the amount of EEK 6 519 thousand (EUR 417 thousand). The amount corresponding to this instalment is deposited by Olympic Entertainment Group AS in an escrow account with Swedbank AS according to a previous arrangement between Olympic Entertainment Group AS and Olympic Casino Ukraine TOV, but Olympic Entertainment Group AS is not a party to the purchase and sale contract, and has not secured any obligations related to the payment of the purchase price. The management of the Group is of opinion that the adjudication of the aforementioned amount by the court to the prejudice of Olympic Entertainment Group AS is improbable.

Tax authorities may at any time inspect the books and records of the companies belonging to the Group within 6 years subsequent to the reported tax year, and may as a result of their inspection impose additional tax assessments and penalties.

The parent Company's management is not aware of any circumstances which may give rise to a potential material liability to Group companies in this respect.

Note 35 Events after the balance sheet date

At 1 January 2011, the Republic of Estonia joined the euro area and adopted the euro as a national currency, replacing the Estonian kroon. Consequently, the functional currency of the Group is the euro from 2011 and the annual reports for 2011 and subsequent years to be submitted to the Commercial Register will be presented in euros. Comparative figures will be recalculated to euros using the conversion rate of EUR 1 = EEK 15.6466, which is the fixed exchange rate that was applicable also in the earlier periods.

Note 36 Parent company's separate primary financial statements

Pursuant to the Accounting Act of the Republic of Estonia, the separate primary financial statements of the consolidating entity (parent company) have to be disclosed in the notes to the consolidated financial statements. In preparing the separate primary financial statements of the parent company, the same accounting policies have been applied as in preparing the consolidated financial statements, except for accounting for investments in subsidiaries, which in separate financial statements are accounted for as financial assets at fair value through profit or loss. The fair value of investments in subsidiaries is determined using the discounted cash flow method.

Separate statement of financial position of Olympic Entertainment Group AS

ASSETS	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Current assets				
Cash and bank	13 795	80 039	881	5 115
Receivables from group companies	214 432	186 911	13 705	11 946
Other receivables and prepayments	13 390	10 520	856	672
Total current assets	**241 617**	**277 470**	**15 442**	**17 733**
Non-current assets				
Shares of subsidiaries	4 212 566	3 274 985	269 232	209 310
Long-term receivables from group companies	942 685	1 034 560	60 249	66 120
Investment property	2 350	3 040	150	194
Property, plant and equipment	4 019	6 320	257	404
Intangible assets	1 404	3 781	90	242
Total non-current assets	**5 163 024**	**4 322 686**	**329 978**	**276 270**
TOTAL ASSETS	**5 404 641**	**4 600 156**	**345 420**	**294 003**

LIABILITIES AND EQUITY	(EEK '000)		(EUR '000)	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
LIABILITIES				
Current liabilities				
Current portion of long-term debt	48 641	73 675	3 109	4 708
Trade payables	51	156	3	10
Payables to group companies	14 256	136 391	911	8 717
Tax liabilities	536	681	34	44
Accrued expenses	601	756	39	48
Provisions	420	0	27	0
Total current liabilities	**64 505**	**211 659**	**4 123**	**13 527**
Non-current liabilities				
Long-term borrowings	97 281	221 025	6 217	14 126
Long-term payables to group companies	876 124	729 308	55 995	46 611
Total non-current liabilities	**973 405**	**950 333**	**62 212**	**60 737**
Total liabilities	**1 037 910**	**1 161 992**	**66 335**	**74 264**
EQUITY				
Share capital	1 513 295	1 510 000	96 717	96 507
Share premium	227 421	227 273	14 535	14 525
Statutory capital reserve	37 759	37 759	2 413	2 413
Retained earnings	2 588 256	1 663 132	165 420	106 294
Total equity	**4 366 731**	**3 438 164**	**279 085**	**219 739**
TOTAL LIABILITIES AND EQUITY	**5 404 641**	**4 600 156**	**345 420**	**294 003**

Separate statement of comprehensive income of Olympic Entertainment Group AS

	(EEK '000)		(EUR '000)	
	2010	**2009**	**2010**	**2009**
Revenue				
Sales revenue	6 400	16 034	409	1 025
Other income	1 627	1 788	104	114
Total revenue	**8 027**	**17 822**	**513**	**1 139**
Expenses				
Cost of materials, goods and services used	-1 794	-7 653	-114	-489
Other operating expenses	-8 574	-8 944	-548	-571
Staff costs	-7 681	-17 656	-491	-1 128
Depreciation and amortisation	-4 690	-4 726	-300	-302
Other expenses	-830	-13 670	-53	-874
Total expenses	**-23 569**	**-52 649**	**-1 506**	**-3 364**
Operating loss	**-15 542**	**-34 827**	**-993**	**-2 225**
Financial income and expenses				
Change in fair value of subsidiaries	939 708	-2 094 664	60 058	-133 873
Interest income	63 171	95 306	4 037	6 091
Interest expense	-64 100	-64 545	-4 097	-4 126
Foreign exchange gain(loss)	1 972	-961	126	-61
Other financial expenses	-313	0	-20	0
Total financial income and expenses	**940 438**	**-2 064 864**	**60 104**	**-131 969**
NET PROFIT (LOSS) FOR THE PERIOD	**924 896**	**-2 099 691**	**59 111**	**-134 194**
COMPREHENSIVE PROFIT (LOSS) FOR THE	**924 896**	**-2 099 691**	**59 111**	**-134 194**

Separate statement of cash flows of Olympic Entertainment Group AS

	(EEK '000) 2010	2009	(EUR '000) 2010	2009
Cash flows from operating activities				
Net profit (loss) for the period	924 896	-2 099 691	59 111	-134 194
Adjustments for				
Depreciation and amortisation	4 690	4 726	300	302
Loss on disposal of non-current assets	0	1 517	0	97
Changes in fair value of investment property	-280	110	-18	7
Gain on disposal of investment property	-30	0	-2	0
Gain/loss on investments in subsidiaries	-939 708	2 094 664	-60 058	133 873
Net other financial income and expenses	-730	-29 800	-46	-1 904
Change in receivables and prepayments related to operating activities	-36 840	-11 551	-2 355	-738
Change in liabilities and prepayments related to operating activities	13 062	40 175	835	2 567
Interest paid	-49 955	-18 397	-3 193	-1 176
Net cash used in operating activities	**-84 895**	**-18 247**	**-5 426**	**-1 166**
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets	-12	0	-1	0
Proceeds from sale of investment property	1 000	1 244	64	80
Acquisition of subsidiaries	-40	-18 467	-3	-1 180
Loans granted	-22 423	-132 093	-1 433	-8 443
Repayment of loans granted	116 109	162 824	7 421	10 406
Interest received	30 455	403	1 946	26
Net cash used in investing activities	**125 089**	**13 911**	**7 994**	**889**
Cash flows from financing activities				
Issue of shares	3 443	0	220	0
Proceeds from loans received	41 004	95 128	2 621	6 080
Repayment of loans received	-150 779	-33 245	-9 636	-2 125
Net cash from financing activities	**-106 332**	**61 883**	**-6 795**	**3 955**
NET CASH FLOW	**-66 138**	**57 547**	**-4 227**	**3 678**
Decrease/increase in cash and cash equivalents	**-66 138**	**57 547**	**-4 227**	**3 678**
Cash and cash equivalents at beginning of period	**80 039**	**22 860**	**5 115**	**1 461**
Effect of exchange rate fluctuations	-106	-368	-7	-24
Cash and cash equivalents at end of period	**13 795**	**80 039**	**881**	**5 115**

Separate statement of changes in equity of Olympic Entertainment Group AS

(EEK '000)	Share capital	Share premium	Statutory capital reserve	Retained earnings	Total
Balance at 31.12.2008	1 510 000	227 273	37 759	3 763 215	5 538 247
Net loss for the year	0	0	0	-2 099 691	-2 099 691
Options	0	0	0	-392	-392
Balance at 31.12.2009	**1 510 000**	**227 273**	**37 759**	**1 663 132**	**3 438 164**
Interests in companies under control or significant influence:					
Carrying amount under the fair value method					-3 274 985
Carrying amount under the equity method					1 008 663
Adjusted unconsolidated equity at 31.12.2009					**1 171 842**
Net profit for the year	0	0	0	924 896	924 896
Issue of shares	3 295	148	0	0	3 443
Options	0	0	0	228	228
Balance at 31.12.2010	**1 513 295**	**227 421**	**37 759**	**2 588 256**	**4 366 731**
Interests in companies under control or significant influence:					
Carrying amount under the fair value method					-4 212 566
Carrying amount under the equity method					1 058 729
Adjusted unconsolidated equity at 31.12.2010					**1 212 894**

(EUR '000)	Share capital	Share premium	Statutory capital reserve	Retained earnings	Total
Balance at 31.12.2008	**96 507**	**14 525**	**2 413**	**240 513**	**353 958**
Net loss for the year	0	0	0	-134 194	-134 194
Options	0	0	0	-25	-25
Balance at 31.12.2009	**96 507**	**14 525**	**2 413**	**106 294**	**219 739**
Interests in companies under control or significant influence:					
Carrying amount under the fair value method					-209 310
Carrying amount under the equity method					64 465
Adjusted unconsolidated equity at 31.12.2009					**74 894**
Net profit for the year	0	0	0	59 111	59 111
Issue of shares	210	10	0	0	220
Options	0	0	0	15	15
Balance at 31.12.2010	**96 717**	**14 535**	**2 413**	**165 420**	**279 085**
Interests in companies under control or significant influence:					
Carrying amount under the fair value method					-269 232
Carrying amount under the equity method					67 665
Adjusted unconsolidated equity at 31.12.2010					**77 518**

Initsialiseeritud ainult identifitseerimiseks
Initialled for the purpose of identification only
Initsiaalid/initials M.P.
Kuupäev/date 08.04.2011
PricewaterhouseCoopers, Tallinn

INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)*

To the Shareholders of Olympic Entertainment Group AS

We have audited the accompanying consolidated financial statements of Olympic Entertainment Group AS and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2010 and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Board's Responsibility for the Consolidated Financial Statements

Management Board is responsible for the preparation, and true and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation, and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Olympic Entertainment Group AS and its subsidiaries as of 31 December 2010, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

AS PricewaterhouseCoopers

Tiit Raimla	Stan Nahkor
Auditor's Certificate No.287	Auditor's Certificate No.508

8 April 2011

---

* *This version of our report 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 our report takes precedence over this translation.*

Profit allocation proposal

The Management Board of Olympic Entertainment Group AS proposes to allocate the net profit for the financial year ended 31 December 2010 in the amount of EEK 17,885 thousand (EUR 1,143 thousand) as follows:

- A transfer of EEK 894 thousand (EUR 57 thousand) to the mandatory legal reserve;
- A transfer of EEK 16,991 thousand (EUR 1,086 thousand) to accumulated losses.

Signatures of the Management and Supervisory Boards to the Annual Report 2010

The Management Board has prepared the management report and the consolidated financial statements of Olympic Entertainment Group AS for 2010.

The Supervisory Board of Olympic Entertainment Group AS has reviewed the annual report prepared by the Management Board and which consists of the management report, consolidated financial statements, profit allocation proposal and independent auditor's report, and approved the presentation of the annual report to the General Meeting of Shareholders.

The Management Board:

Indrek Jürgenson
Member of the Management Board

Madis Jääger
Member of the Management Board

8 April 2011

The Supervisory Board:

Armin Karu
Chairman of the Supervisory Board

Jaan Korpusov
Member of the Supervisory Board

Liina Linsi
Member of the Supervisory Board

Peep Vain
Member of the Supervisory Board

___ April 2011

Areas of activity

Areas of activity in the reporting period	(EEK '000)	(EUR '000)
	2010	**2010**
Advisory services (70221)	1 876	120
Equipment rental (77399)	4 524	289
Total	**6 400**	**409**

Areas of activity planned for 2011
Advisory services (70221)
Equipment rental (77399)