

Olympic Entertainment Group AS

Unaudited consolidated interim financial statements  
for the 1<sup>st</sup> half and 2<sup>nd</sup> quarter of 2010

**Olympic Entertainment Group AS**  
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Core activity	Provision of gaming services
Beginning of financial year	1 January 2010
End of reporting period	30 June 2010
General Manager	Indrek Jürgenson
Auditor	PriceWaterhouseCoopers AS

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## General Manager's report

Olympic Entertainment Group AS (the "Company" or, together with the subsidiaries, the "Group") is the leading gaming services provider in the Baltic countries (Estonia, Latvia and Lithuania) and gaming facilities operator in Belarus, Poland, Romania and Slovakia.

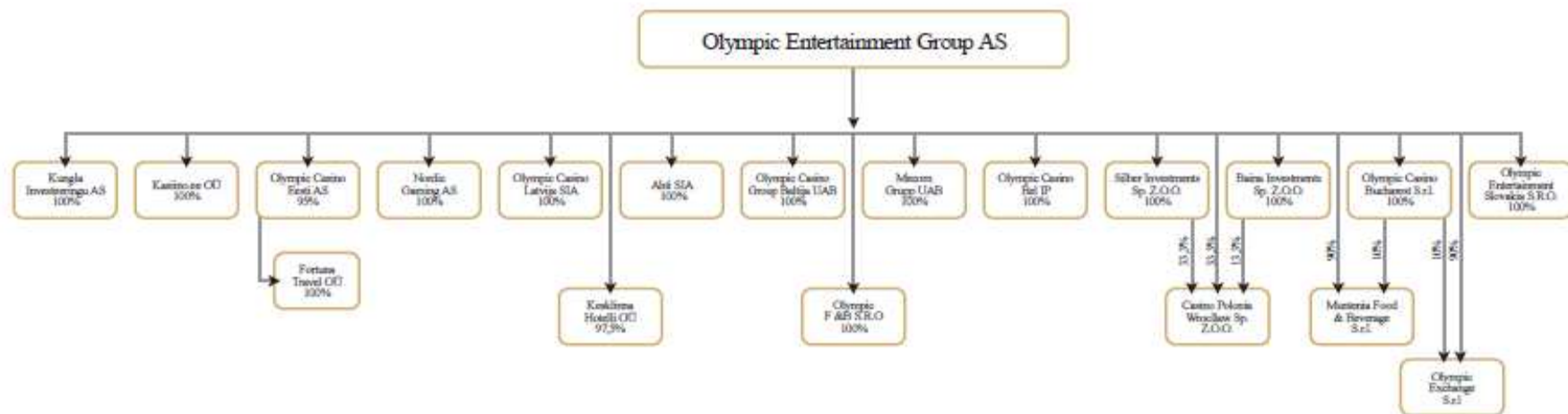
Olympic Entertainment Group AS is the Group's ultimate holding company, which deals with the Group's strategic management and financing. The Group's casinos are operated by local subsidiaries: Olympic Casino Eesti AS in Estonia, Olympic Casino Latvia SIA in Latvia, Olympic Casino Group Baltija UAB in Lithuania, Olympic Casino Bel IP in Belarus, Casino Polonia-Wroclaw Sp. Z O.O. in Poland, Olympic Casino Bucharest S.R.L. in Romania and Olympic Entertainment Slovakia S.r.o in Slovakia. In Estonia, Latvia, Lithuania, Romania and Slovakia the Group's non-core activities, such as the operation of a hotel in Tallinn and the operation of casino bars, have been separated from casino operations and transferred to specialized entities.

Most of the Group's casino properties operate under the Olympic Casino name. In Estonia, Latvia and Lithuania, Olympic Casinos operate in conformity with the international quality management standard ISO 9001 (in Estonia since 1998, in Latvia and Lithuania since 2004).

Companies belonging to the Group:

	Domicile	Ownership interest		Core activity
		30 June 2010	31 Dec 2009	
Olympic Casino Eesti AS	Estonia	95%	95%	Gaming services
Nordic Gaming AS	Estonia	100%	100%	Holding activities
Kungla Investeeringu AS	Estonia	100%	100%	Hotel services, catering
Fortuna Travel OÜ	Estonia	95%	95%	Casino tourism
Kasiino.ee OÜ	Estonia	100%	100%	Internet solutions
Kesklinna Hotelli OÜ	Estonia	97,5%	97,5%	Hotel services
Olympic Casino Latvia SIA	Latvia	100%	100%	Gaming services
Ahti SIA	Latvia	100%	100%	Bar services
Olympic Casino Group Baltija UAB	Lithuania	100%	100%	Gaming services
Mecom Grupp UAB	Lithuania	100%	100%	Bar services
Olympic Casino Bel IP	Belarus	100%	100%	Gaming services
Silber Investments Sp. Z o.o.	Poland	100%	100%	Holding activities
Baina Investments Sp. Z o.o.	Poland	100%	100%	Holding activities
Casino-Polonia Wroclaw Sp.Z.o.o.	Poland	80%	80%	Gaming services
Olympic Casino Bucharest S.r.l.	Romania	100%	100%	Gaming services
Muntenia Food Beverage S.r.l	Romania	100%	100%	Bar services
Olympic Exchange S.r.l	Romania	100%	100%	Currency exchange
Olympic Entertainment Slovakia	Slovakia	100%	100%	Gaming services
Olympic F & B S.r.o.	Slovakia	100%	100%	Bar services

The Group's structure at 30 June 2010



In the 2<sup>nd</sup> quarter of 2010 the Group was focused on efficiency improvement and at the same time was looking for business activity broadening opportunities.

#### Significant developments in Q2 2010:

- In June a new (3<sup>rd</sup>) casino project was started in Slovakia, projected opening time is within the last quarter of the year. Revenues of Slovakian segment have been growing fastest during this year, the growth composed 23.0% compared to the 1<sup>st</sup> half year of the last year.
- The financial results have improved on all of the operational markets, except of Romania, compared both to Q2 2009 and to Q1 2010. In Q2 2010 Estonian and Lithuanian segments have also achieved operational profit in addition to Latvian and Slovakian segments.
- In June Olympic Online has launched the first Estonian mobile application for online casino and poker room, which allows playing various casino games directly from iPhone and other smart phones.

#### Extraordinary negative influences:

- In the 2<sup>nd</sup> quarter the Group has decided to close 3 casinos in order to improve operational efficiency: 1 in Estonia and 2 in Poland. This has caused assets impairment, which has influenced Q2 and 6 months 2010 financial results by 11.0 million kroons (0.7 million euros).
- In addition to casino closures, Group's Q2 2010 revenue and profit were also negatively influenced by large winnings' payouts in Romania.

In Q2 2010 Group's revenue composed 416.1 million kroons (26.6 million euros), in Q2 2009 Group earned 433.4 million kroons (27.7 million euros) of revenue from continuing operations. Despite of 4% or 17.3 million kroons (1.1 million euros) decline compared to the 2<sup>nd</sup> quarter last year, the Group has earned an EBITDA of 33.0 million kroons (2.1 million euros) in Q2, that is 96.5% more than within the same period last year from continuing operations (eliminating an influence of non-recurring expenses from 2009 Q2 EBITDA, the quarterly growth would compose 21.1 million kroons (1.3 million euros) or 45.8%).

Operating loss of Q2 2010 was 10.5 million kroons (0.7 million euros), which is 43.0 million kroons (2.7 million euros) less compared to the same period last year. Operating profit before non-recurring expenses in Q2 2010 composed 0.5 million kroons (0.03 million euros), in Q2 2009 the Group has earned an operating loss before non-recurring expenses of 35.7 million kroons (2.3 million euros).

#### Selected financial data, Q2 2010:

##### Continuing operations

Revenue:	416.1 million kroons	(Q2 2009: 433.4)
EBITDA:	67.1 million kroons	(Q2 2009: 34.2)
EBIT:	-10.5 million kroons	(Q2 2009: -53.5)

Financial income and expenses net:	-1.8 million kroons	(Q2 2009: -3.0)
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Net loss before income tax:	-12.3 million kroons	(Q2 2009: -56.5)
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1 EUR = 15.6466 EEK

In the first half of 2010 the Group has earned 822.0 million kroons (52.5 million euros) of consolidated sales revenue and 828.0 million kroons (52.9 million euros) of total revenue, which is 4.2% less than 863.9 million kroons (55.2 million euros) total revenue earned from continuing operations in the first half of 2009. Group's EBITDA has grown from 30.4 million kroons (1.9 million euros) earned from continuing operations in the first 6 months of 2009 to 135.9 million kroons (8.7 million euros) earned in the first half of the current year and operating loss decreased responsively from 141.5 million kroons (9.0 million euros) to 8.9 million kroons (0.6 million euros).

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Selected financial data 2010, 6 months 2010:  
Continuing operations

Revenue:	828.0 million kroons	(6 months 2009: 863.9)
EBITDA:	135.9 million kroons	(6 months 2009: 30.4)
EBIT:	-8.9 million kroons	(6 months 2009:-141.5)

Financial income and expenses net:	-4.8 million kroons	(6 months 2009: -1.9)
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Net loss before income tax:	-13.7 million kroons	(6 months 2009:-143.4)
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1 EUR = 15.6466 EEK

In the first half of 2010 and 2009 93% of consolidated revenue was formed by gaming operations and 7% of other income.

External revenue by segments

(thousands EEK)	6 months 2010	Growth	Proportion	6 months 2009	Proportion
Estonia	201,166	7.1%	24.3%	187,846	21.7%
Latvia	176,707	-6.2%	21.3%	188,299	21.8%
Lithuania	133,277	-15.8%	16.1%	158,315	18.3%
Belarus	22,545	9.1%	2.7%	20,658	2.4%
Poland	207,981	-8.0%	25.1%	225,995	26.2%
Romania	21,435	-28.5%	2.6%	29,992	3.5%
Slovakia	64,899	23.0%	7.9%	52,760	6.0%
Total	828,010	-4.2%	100.0%	863,865	100.0%

1 EUR = 15.6466 EEK

At the end of the first half of 2010, Group operated 64 casinos with a total area of 25,409 m<sup>2</sup>. At the end of June 2009 Group had 86 casinos with a total area of 30,376 m<sup>2</sup>. During the first half of 2010 1 casino in Estonia and 2 casinos in Poland were closed.

Number of casinos by segments

	30.06.2010	30.06.2009
Estonia	17	23
Latvia	21	26
Lithuania	10	15
Belarus	5	5
Poland	7	9
Romania	2	6
Slovakia	2	2
Total	64	86

Group consolidated expenses before depreciation and impairment in the 1<sup>st</sup> half of 2010 have decreased 17.0% or 141.4 million kroons (9.0 million euros) compared to the expenses from continuing operations in the 1<sup>st</sup> half of 2009, including decrease of Q2 expenses by 12.6% or 50.3 million kroons (3.2 million euros) compared to the same period a year ago. The strongest decline compared to the 1<sup>st</sup> half of 2009 came from personnel expenses 20.1% or 57.7 million kroons (3.7 million euros), rental expenses 24.8% or 27.5 million kroons (1.8 million euros) and gaming tax expenses 6.9% or 14.2 million kroons (0.9 million euros).

The largest Group expense article before depreciation and impairment is personnel expenses including social charges of 229.8 million kroons (14.7 million euros), followed by gaming tax expenses of 193.0 million

kroons (12.3 million euros), rental expenses of 83.3 million kroons (5.3 million euros) and marketing expenses of 68.0 million kroons (4.3 million euros).

Group's operating loss amounted to 8.9 million kroons (0.6 million euros), in the same period of 2009 operating loss from continuing operations totalled 141.5 million kroons (9.0 million euros). Consolidated net loss equalled 19.2 million kroons (1.2 million euros). In the 1<sup>st</sup> half of 2009 consolidated net loss from continuing operations amounted to 142.2 million kroons (9.1 million euros).

### **Estonian segment**

In the 1<sup>st</sup> half of 2010 the segment external revenue amounted to 201.2 million kroons (12.9 million euros), including landbase gaming revenue of 171.7 million kroons (11.0 million euros), online gaming revenue of 9.7 million kroons (0.6 million euros) and other revenue of 19.8 million kroons (1.3 million euros).

Estonian segment external revenue has grown 7.1% compared to the same period last year. Decline of the Estonian gaming market in the 1<sup>st</sup> half of 2010 compared to the same period last year composed 6%. Olympic Casino Eesti AS market share on Estonian gaming market at the end of June 2010 composed 52%, at the end of 1<sup>st</sup> half of 2009 Olympic Casino Eesti AS market share amounted to 47%.

Estonian segment 2010 H1 EBITDA equalled 33.2 million kroons (2.1 million euros) and operating loss amounted to 2.6 million kroons (0.2 million euros). In the 1<sup>st</sup> half of 2009 Estonian segment has earned an EBITDA of -18.4 million kroons (-1.2 million euros) and operating loss of 66.1 million kroons (4.2 million euros).

At the end of June, there were 17 Olympic Casinos in Estonia with a total of 700 slot machines and 19 game tables.

### **Latvian segment**

In the 1<sup>st</sup> half of 2010 Latvian segment external revenue amounted to 176.7 million kroons (11.3 million euros), including gaming revenue of 162.4 million kroons (10.4 million euros) and other revenue of 14.3 million kroons (0.9 million euros). Latvian segment external revenue has decreased 6.2% compared to the same period last year. The decline of the gaming market in Latvia in the 1<sup>st</sup> half of 2010 composed 24% compared to the same period last year. At the end of June 2010 Olympic Casino Latvia SIA market share on the Latvian gaming market composed 19%, at the end of the 1<sup>st</sup> half of 2009 Olympic Casino Latvia SIA market share was 13%.

Latvian segment EBITDA for the 1<sup>st</sup> half of 2010 equalled 56.7 million kroons (3.6 million euros) and operating profit amounted to 24.2 million kroons (1.5 million euros). In the 1<sup>st</sup> half of 2009 Latvian segment has earned an EBITDA of 25.2 million kroons (1.6 million euros) and operating loss of 27.0 million kroons (1.7 million euros).

At the end of the June 2010 there were 21 Olympic casinos in Latvia with a total of 651 slot machines and 18 game tables.

### **Lithuanian segment**

Lithuanian segment has finished the 1<sup>st</sup> half of 2010 with an external revenue of 133.3 million kroons (8.5 million euros), including gaming revenue of 125.6 million kroons (8.0 million euros) and other revenue of 7.7 million kroons (0.5 million euros). Lithuanian segment external revenue has decreased by 15.8% compared to the same period last year. Decline of the gaming market in Lithuania in the 1<sup>st</sup> half of 2010 totalled 25% in comparison with the 1<sup>st</sup> half of 2009. At the end of June 2010 Olympic Casino Group Baltija UAB market share on Lithuanian gaming market has grown up to 71%, at the end of June 2009 Olympic Casino Group Baltija UAB market share was 62%.

Lithuanian segment EBITDA in the 1<sup>st</sup> half of 2010 amounted to 22.7 million kroons (1.5 million euros) and operating profit equalled 4.9 million kroons (0.3 million euros). In the 1<sup>st</sup> 6 months of 2009 Lithuanian segment has earned an EBITDA of 18.5 million kroons (1.2 million euros) and operating loss of 2.6 million kroons (0.2 million euros).



At the end of June there were 10 Olympic casinos in Lithuania with a total of 350 slot machines and 50 game tables.

#### **Belarus segment**

Belarus segment external revenue for the 1<sup>st</sup> half of 2010 amounted to 22.5 million kroons (1.4 million euros), including gaming revenue of 20.3 million kroons (1.3 million euros) and other revenue of 2.2 million kroons (0.1 million euros). Belarus segment external revenue has grown 9.1% compared to the same period a year ago.

Belarus segment EBITDA for the 1<sup>st</sup> 6 months of 2010 totalled 5.2 million kroons (0.3 million euros) and operating loss equalled 1.9 million kroons (0.1 million euros). In the 1<sup>st</sup> half of 2009 Belarus segment has earned an EBITDA of 1.7 million kroons (0.1 million euros) and operating loss of 5.7 million kroons (0.4 million euros).

At the end of June 2010, 5 Olympic Casinos were operating in Belarus with a total of 246 slot machines.

#### **Polish segment**

Polish segment has finished the 1<sup>st</sup> half of 2010 with an external revenue of 208.0 million kroons (13.3 million euros), including gaming revenue of 203.5 million kroons (13.0 million euros) and other revenue of 4.5 million kroons (0.3 million euros). External revenue of the Polish segment has decreased by 8.0% compared to the same period last year.

Polish segment 2010 6 months EBITDA totalled 21.8 million kroons (1.4 million euros) and operating loss was 16.2 million kroons (1.0 million euros). Operating loss includes 11.0 million kroons (0.7 million euros) of assets impairment expenses connected with closure of 2 casinos. In the 1<sup>st</sup> half of 2009 Polish segment has earned an EBITDA of 16.4 million kroons (1.0 million euros) and operating loss of 8.5 million kroons (0.5 million euros).

During the 1<sup>st</sup> half of 2010 1 casino was reopened and 2 casinos were closed in Poland. At the end of June there were 7 Olympic casinos in Poland with a total of 338 slot machines and 46 game tables.

#### **Romanian segment**

In the 1<sup>st</sup> half of 2010 Romanian segment external revenue equalled 21.4 million kroons (1.4 million euros), including gaming revenue of 15.1 million kroons (1.0 million euros) and other revenue of 6.3 million kroons (0.4 million euros). Romanian segment external revenue has declined by 28.5% compared to the 1<sup>st</sup> half of 2009 being influenced by the overall decline of Romanian gaming market and large winnings' payouts that have taken place in the 2<sup>nd</sup> quarter of 2010.

Romanian segment EBITDA for the 1<sup>st</sup> half of 2010 composed -15.4 million kroons (-1.0 million euros) and operating loss was 22.8 million kroons (1.5 million euros). During the 1<sup>st</sup> 6 months of 2009 Romanian segment has earned an EBITDA of -17.5 million kroons (-1.1 million euros) and operating loss of 29.7 million kroons (1.9 million euros).

At the end of June 2010 there were 2 Olympic casinos operating in Romania with a total of 88 slot machines and 13 game tables.

#### **Slovakian segment**

In the 1<sup>st</sup> half of 2010 Slovakian segment has earned 64.9 million kroons (4.1 million euros) of external revenue, including gaming revenue of 58.3 million kroons (3.7 million euros) and other revenue of 6.6 million kroons (0.4 million euros). Slovakian segment external revenue has grown by 23.0% compared to the 1<sup>st</sup> half of 2009.

Slovakian segment EBITDA for the 1<sup>st</sup> half of 2010 amounted to 11.8 million kroons (0.8 million euros) and operating profit was 5.4 million kroons (0.3 million euros). In the 1<sup>st</sup> half of 2009 Slovakian segment has earned an EBITDA of 4.5 million kroons (0.3 million euros) and operating loss of 1.9 million kroons (0.1 million euros).

At the end of June 2010 there were 2 Olympic casinos operating in Slovakia with a total of 102 slot machines and 22 game tables.

### **Financial position**

At June 30<sup>th</sup> 2010, the consolidated balance sheet of Group totaled 1,642.5 million kroons (105.0 million euros). At 31<sup>st</sup> December 2009, the consolidated balance sheet of Group amounted to 1,776.0 million kroons (113.5 million euros). Balance sheet volume has decreased by 7.5% within the 1<sup>st</sup> half of the year, which is mostly connected with loan repayment.

Current assets accounted for 498.6 million kroons (31.9 million euros) or 30.4% of total assets and non-current assets for 1,143.9 million kroons (73.1 million euros) or 69.6% of total assets. Intangible assets accounted for 447.3 million kroons (28.6 million euros) or 39.1% non-current assets.

At 30<sup>th</sup> June 2010 Group's liabilities amounted to 368.3 million kroons (23.5 million euros) and consolidated equity totalled 1,274.3 million kroons (81.4 million euros). The largest part of Group's liabilities were loans in amount of 170.2 million kroons (10.9 million euros), tax commitments of 52.9 million kroons (3.4 million euros) and payables to employees of 46.9 million kroons (3.0 million euros).

### **Investments**

In the 1<sup>st</sup> half of 2010 Group's investments into tangible assets amounted to 37.3 million kroons (2.4 million euros), including 33.6 million kroons (2.1 million euros) invested into new gaming equipment. Investment into intangible assets within the 1<sup>st</sup> 6 months of 2010 equalled 4.2 million kroons (0.3 million euros).

In the 1<sup>st</sup> half of 2009 a total of 61.5 million kroons (3.9 million euros) was invested into tangible and intangible fixed assets. The major part of investments was connected with the flagship casino opened in Romanian capital Bucharest and the opening of the second casino in Slovakia.

### **Cash flows**

Group's operational cash flows during the 1<sup>st</sup> half of 2010 were 109.5 million kroons (7.0 million euros). Cash flows from investing activities were 36.9 million kroons (2.4 million euros) and cash outflows from financing activities were 124.5 million kroons (8.0 million euros). Net cash flows amounted to 21.9 million kroons (1.4 million euros).

Group's operational cash flows in the 1<sup>st</sup> half of 2009 were 27.4 million kroons (1.8 million euros). Cash outflows from investing activities composed 120.6 million kroons (7.7 million euros) and cash flows from financing activities were 33.7 million kroons (2.2 million euros). Net cash outflows were 59.5 million kroons (3.8 million euros).

### **People**

At June 30<sup>th</sup> 2010, the Group employed 2,166 people (30.06.2009 excluding Ukraine: 2,689): 453 in Estonia, 486 in Latvia, 514 in Lithuania, 86 in Belarus, 365 in Poland, 141 in Romania and 121 in Slovakia.

Employee remuneration expenses including social charges in the 1<sup>st</sup> half of 2010 amounted to 229.8 million kroons (14.7 million euros); last year the relevant figure was 287.5 million kroons (18.4 million euros).

### Olympic Entertainment Group AS shares

Olympic Entertainment Group AS is listed on main list of Tallinn Stock Exchange from 23<sup>rd</sup> of October 2006, the enterprise has issued 151.0 million ordinary shares with nominal value of 10 kroons. Starting from 26<sup>th</sup> of September 2007, Olympic Entertainment Group AS shares are traded on Warsaw Stock Exchange.

ISIN code	EE3100084021
Short name of the security	OEG1T
Market	BALTIC MAIN LIST
Nominal value	10.00 EEK
Number of securities issued	151 000 000
Number of listed securities	151 000 000
Listing date	23.10.2006

Movements in Olympic Entertainment Group AS' share price (in kroons) and traded volume (number of securities) in the 6 months of 2010:



€1 = 15.6466 kroons

### Shareholder's structure

At 30 June 2010, the largest shareholders were:

OÜ Hansa Assets	45.97%
OÜ Hendaya Invest	19.32%
Nordea Bank Finland Plc/ non-resident legal entities	3.67%
State Street Bank and Trust Omnibus Account A Fund no OM01	2.97%
Skandinaviska Enskilda Banken Ab Clients	2.78%
Central Securities Depository of Lithuania	1.69%
ING Luxembourg S.A.	1.61%
Firebird Avrora Fund Ltd.	1.50%
BNYM / ING Bank Slaksi A/C ING Parasol	0.98%
Mellon Treaty Omnibus	0.97%

## Management and Supervisory Board

There are four members in Supervisory Board of Olympic Entertainment Group AS, the chairman of the Supervisory Board is Armin Karu, members of the board are Jaan Korpusov, Liina Linsi and Peep Vain.

The Management Board has two members – Indrek Jürgenson and Kristi Ojakäär. 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.

Information concerning the education and career of the members of the Management and Supervisory Board has been published on the home page of the Group [www.olympic-casino.com](http://www.olympic-casino.com).

## Overview of the main risks

### 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.

### Currency risk

The Group earns income in Estonian kroons, Latvian lats, Lithuanian litas, Belarusian rubles, Polish zloty, and Romanian leu and euros. Most of the Group's expenses are incurred in these currencies in its operating markets. 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.

Internal transactions of the Group are primarily made 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 euro.

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

### Interest rate risk

The Group's term deposits are with fixed interest rates. The Group has invested in Lithuanian Government Bonds, which interest rates are fixed.

The interest rate on the bank loan is fixed at rate of 5,45% p.a.

### Credit risk

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

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, ensuring thereby the achievement of financial and other strategic objectives of the company.

**The Group's key financials**

<b>Continuing operations</b>	<b>6 months 2010</b>	<b>6 months 2009</b>	<b>Change</b>
Revenue (million kroons)	828.0	863.9	-4.2%
EBITDA (million kroons)	135.9	30.4	347.4%
Operating profit/-loss (million kroons)	-8.9	-141.5	-93.7%
Net profit (million kroons)	-19.2	-142.2	-86.5%
EBITDA marginal	16.4%	3.5%	
EBIDTA margin	-1.1%	-16.4%	
Net margin	-2.3%	-16.5%	
Equity ration	77.6%	74.2%	
Number of casinos at the end of the period	64	86	-22
Total area of casinos at the end of the period	25,409	30,376	-4,967
Number of slots at the end of the period	2,475	3,037	-562
Number of game tables at the end of the period	168	209	-41

Underlying formulas

- o EBITDA = earnings before financial expenses, taxes, depreciation, amortisation and impairment losses
- o Operating profit = profit before financial expenses and taxes
- o Net profit = net profit for the period before minority interest
- o EBITDA margin = EBITDA / revenue
- o Operating margin = operating profit / revenue
- o Net margin = net profit / revenue
- o Equity ratio = equity / total assets

€1 = 15.6466 kroons

## Consolidated interim financial statements

### Consolidated interim statement of financial position

ASSETS		(In thousands of Estonian kroons)		(In thousands of euro)	
	Note	30.06.2010	31.12.2009	30.06.2010	31.12.2009
<b>Current assets</b>					
Cash and cash equivalents		308,936	286,067	19,745	18,283
Financial investments		54,639	48,184	3,492	3,080
Trade receivables		9,742	5,473	623	350
Other receivables and prepayments		76,563	73,977	4,893	4,728
Prepaid income tax		17,923	23,437	1,145	1,498
Inventories		14,633	14,068	935	899
Non-current assets held for sale		16,144	17,833	1,032	1,140
<b>Total current assets</b>		<b>498,580</b>	<b>469,039</b>	<b>31,865</b>	<b>29,978</b>
<b>Non-current assets</b>					
Deferred tax assets		25,192	21,395	1,610	1,367
Financial investments		14,412	61,405	921	3,924
Other long-term receivables		16,788	15,983	1,073	1,021
Investment property	3	22,688	23,658	1,450	1,512
Property, plant and equipment	3	617,584	733,757	39,471	46,896
Intangible assets	4	447,285	450,778	28,587	28,810
<b>Total non-current assets</b>		<b>1,143,949</b>	<b>1,306,976</b>	<b>73,112</b>	<b>83,530</b>
<b>TOTAL ASSETS</b>		<b>1,642,529</b>	<b>1,776,015</b>	<b>104,977</b>	<b>113,508</b>

LIABILITIES AND EQUITY		(In thousands of Estonian kroons)		(In thousands of euro)	
		30.06.2010	31.12.2009	30.06.2010	31.12.2009
LIABILITIES					
Current liabilities					
Borrowings	5	48,641	88,145	3,109	5,633
Customer advances		20,631	16,252	1,319	1,039
Trade payables		37,438	27,513	2,393	1,758
Other payables		2,795	2,896	178	185
Income tax payable		4,195	298	268	19
Other tax liabilities		48,694	48,695	3,112	3,112
Other accrued payables		59,282	54,774	3,789	3,501
Provisions		17,543	17,947	1,121	1,147
Total current liabilities		239,219	256,520	15,289	16,394
Non-current liabilities					
Deferred tax liability		7,196	4,723	460	302
Borrowings	5	121,844	221,032	7,787	14,127
Total non-current liabilities		129,040	225,755	8,247	14,429
Total liabilities		368,259	482,275	23,536	30,823
EQUITY					
Share capital		1,510,000	1,510,000	96,507	96,507
Share premium		227,273	227,273	14,525	14,525
Statutory reserve capital		37,759	37,759	2,413	2,413
Translation reserves		99	390	6	25
Retained earnings		-562,729	-545,450	-35,965	-34,861
Total equity attributable to equity holders of the parent		1,212,402	1,229,972	77,486	78,609
Minority interest		61,868	63,768	3,955	4,076
Total equity		1,274,270	1,293,740	81,441	82,685
TOTAL LIABILITIES AND EQUITY		1,642,529	1,776,015	104,977	113,508

## Consolidated interim statement of comprehensive income

(In thousands of Estonian kroons)

	Note	Q2 2010	Q2 2009	6M 2010	6M 2009
<b>Continuing operations</b>					
<b>Revenue and income</b>					
Income from gaming transactions		383,638	403,025	766,496	805,889
Revenue		29,349	28,080	55,514	53,872
Other income		3,138	2,300	6,000	4,104
<b>Total revenue and income</b>		<b>416,125</b>	<b>433,405</b>	<b>828,010</b>	<b>863,865</b>
<b>Expenses</b>					
Cost of materials, goods and services		-11,134	-12,785	-20,562	-24,623
Other operating expenses		-221,279	-245,583	-440,021	-505,908
Personnel expenses		-115,473	-135,248	-229,783	-287,505
Depreciation, amortisation and impairment losses	3;4	-77,660	-87,704	-144,840	-171,861
Other expenses		-1,094	-5,628	-1,725	-15,461
<b>Total expenses</b>		<b>-426,640</b>	<b>-486,948</b>	<b>-836,931</b>	<b>-1,005,358</b>
<b>Operating loss</b>		<b>-10,515</b>	<b>-53,543</b>	<b>-8,921</b>	<b>-141,493</b>
<b>Financial income and expenses</b>					
Interest income		1,065	2,456	2,083	5,326
Interest expense		-2,650	-5,417	-6,311	-10,828
Foreign exchange loss		96	12	-167	3,709
Other financial income and expenses		-340	-24	-371	-74
<b>Total financial income and expenses</b>		<b>-1,829</b>	<b>-2,973</b>	<b>-4,766</b>	<b>-1,867</b>
<b>Loss before tax</b>		<b>-12,344</b>	<b>-56,516</b>	<b>-13,687</b>	<b>-143,360</b>
Income tax expense		-5,272	1,576	-5,492	1,207
<b>NET LOSS FROM CONTINUING OPERATIONS FOR THE PERIOD</b>		<b>-17,616</b>	<b>-54,940</b>	<b>-19,179</b>	<b>-142,153</b>
<b>NET LOSS FROM DISCONTINUED OPERATIONS FOR THE PERIOD</b>	2	<b>0</b>	<b>-200,555</b>	<b>0</b>	<b>-210,792</b>
<b>NET LOSS FOR THE PERIOD</b>		<b>-17,616</b>	<b>-255,495</b>	<b>-19,179</b>	<b>-352,945</b>
<b>Other comprehensive income (loss)</b>					
Currency translation differences					
continuing operations		-23,261	16,032	-291	-34,040
discontinued operations		0	-1,130	0	10,210
Total other comprehensive income (loss)		-23,261	14,902	-291	-23,830
<b>Total comprehensive loss for the period</b>		<b>-40,877</b>	<b>-240,593</b>	<b>-19,470</b>	<b>-376,775</b>
<b>Net loss for the period</b>					
Minority interest		-5,714	-261	-1,900	-1,270
Attributable to equity owners of the parent					
continuing operations		-11,902	-54,679	-17,279	-140,883
discontinued operations	2	0	-200,555	0	-210,792
		-17,616	-255,495	-19,179	-352,945
<b>Total comprehensive loss for the period</b>					
Minority interest		-5,714	-261	-1,900	-1,270
Attributable to equity owners of the parent					
continuing operations		-35,163	-38,647	-17,570	-174,923
discontinued operations		0	-201,685	0	-200,582
		-40,877	-240,593	-19,470	-376,775
<b>Continuing operations</b>					
Basic earnings (loss) per share	6	-0.08	-0.36	-0.11	-0.93
Diluted earnings (loss) per share	6	-0.08	-0.36	-0.11	-0.93
<b>Discontinued operations</b>					
Basic earnings (loss) per share	6	0.00	-1.33	0.00	-1.40
Diluted earnings (loss) per share	6	0.00	-1.33	0.00	-1.40

## Consolidated interim statement of comprehensive income

(In thousands of euro)

	Note	Q2 2010	Q2 2009	6M 2010	6M 2009
<b>Continuing operations</b>					
<b>Revenue and income</b>					
Income from gaming transactions		24,519	25,758	48,988	51,506
Revenue		1,876	1,795	3,548	3,443
Other income		200	147	383	262
<b>Total revenue and income</b>		<b>26,595</b>	<b>27,700</b>	<b>52,919</b>	<b>55,211</b>
<b>Expenses</b>					
Cost of materials, goods and services		-712	-817	-1,314	-1,574
Other operating expenses		-14,142	-15,696	-28,122	-32,333
Personnel expenses		-7,380	-8,644	-14,686	-18,375
Depreciation, amortisation and impairment losses	3;4	-4,963	-5,605	-9,257	-10,984
Other expenses		-70	-360	-110	-988
<b>Total expenses</b>		<b>-27,267</b>	<b>-31,122</b>	<b>-53,489</b>	<b>-64,254</b>
<b>Operating loss</b>		<b>-672</b>	<b>-3,422</b>	<b>-570</b>	<b>-9,043</b>
<b>Financial income and expenses</b>					
Interest income		68	157	133	340
Interest expense		-169	-346	-403	-692
Foreign exchange loss		6	1	-11	238
Other financial income and expenses		-22	-2	-23	-5
<b>Total financial income and expenses</b>		<b>-117</b>	<b>-190</b>	<b>-304</b>	<b>-119</b>
<b>Loss before tax</b>		<b>-789</b>	<b>-3,612</b>	<b>-874</b>	<b>-9,162</b>
Income tax expense		-337	101	-351	77
<b>NET LOSS FROM CONTINUING OPERATIONS FOR THE PERIOD</b>		<b>-1,126</b>	<b>-3,511</b>	<b>-1,225</b>	<b>-9,085</b>
<b>NET LOSS FROM DISCONTINUED OPERATIONS FOR THE PERIOD</b>	2	<b>0</b>	<b>-12,818</b>	<b>0</b>	<b>-13,472</b>
<b>NET LOSS FOR THE PERIOD</b>		<b>-1,126</b>	<b>-16,329</b>	<b>-1,225</b>	<b>-22,557</b>
<b>Other comprehensive income (loss)</b>					
Currency translation differences					
continuing operations		-1,487	1,025	-19	-2,176
discontinued operations		0	-73	0	653
Total other comprehensive income (loss)		-1,487	952	-19	-1,523
<b>Total comprehensive loss for the period</b>		<b>-2,613</b>	<b>-15,377</b>	<b>-1,244</b>	<b>-24,080</b>
<b>Net loss for the period</b>					
Minority interest		-365	-17	-121	-81
Attributable to equity owners of the parent					
continuing operations		-761	-3,494	-1,104	-9,004
discontinued operations	2	0	-12,818	0	-13,472
		-1,126	-16,329	-1,225	-22,557
<b>Total comprehensive loss for the period</b>					
Minority interest		-365	-17	121	-81
Attributable to equity owners of the parent					
continuing operations		-2,248	-2,470	-1,365	-11,180
discontinued operations		0	-12,890	0	-12,820
		-2,613	-15,377	-1,244	-24,080
<b>Continuing operations</b>					
Basic earnings (loss) per share	6	-0.01	-0.02	-0.01	-0.06
Diluted earnings (loss) per share	6	-0.01	-0.02	-0.01	-0.06
<b>Discontinued operations</b>					
Basic earnings (loss) per share	6	0.00	-0.08	0.00	-0.09
Diluted earnings (loss) per share	6	0.00	-0.08	0.00	-0.09



## Consolidated interim statement of cash flows

		(In thousands of Estonian kroons)		(In thousands of euro)	
	Note	6M 2010	6M 2009	6M 2010	6M 2009
<b>Cash flows from operating activities</b>					
Net loss		-19,179	-352,945	-1,225	-22,557
Adjustments					
Depreciation, amortisation and impairment losses	3;4	144,840	382,892	9,257	24,471
Income (loss) from sale of investment property		-30	775	-2	50
Loss from sale of tangible and intangible assets		635	5,232	41	334
Other financial income and expenses (net)		4,766	2,123	305	136
Change in receivables and prepayments related to operating activities		-12,762	25,292	-816	1,617
Change in inventories		-565	5,126	-36	328
Change in non-current assets held for sale		1,689	0	108	0
Change in liabilities and prepayments related to operating activities		137	-19,830	8	-1,268
Interest paid		-6,428	-14,459	-411	-924
Corporate income tax paid		-3,604	-6,847	-230	-438
<b>Net cash from operating activities</b>		<b>109,499</b>	<b>27,359</b>	<b>6,999</b>	<b>1,749</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment and intangibles		-14,469	-86,077	-925	-5,501
Proceeds from sale of property, plant and equipment		1,461	3,684	93	235
Proceeds from sale of investment property		1,000	524	64	33
Purchase of other long-term financial investments		0	-45,316	0	-2,896
Proceeds from sale of financial investments		47,083	0	3,009	0
Interest received		1,829	6,600	117	422
<b>Net cash used in investing activities</b>		<b>36,904</b>	<b>-120,585</b>	<b>2,358</b>	<b>-7,707</b>
<b>Cash flows from financing activities</b>					
Loans received	5	0	55,545	0	3,550
Repayments of loans received	5	-124,459	-19,558	-7,954	-1,250
Payments of finance lease principal	5	0	-2,261	0	-145
<b>Net cash used in investing activities</b>		<b>-124,459</b>	<b>33,726</b>	<b>-7,954</b>	<b>2,155</b>
<b>NET CASH FLOWS</b>		<b>21,944</b>	<b>-59,500</b>	<b>1,403</b>	<b>-3,803</b>
<b>Decrease/increase in cash and cash equivalents</b>		<b>21,944</b>	<b>-59,500</b>	<b>1,403</b>	<b>-3,803</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>286,067</b>	<b>315,919</b>	<b>18,283</b>	<b>20,191</b>
Exchange gains and losses on cash and cash equivalents		925	-731	59	-47
<b>Cash and cash equivalents at end of the year</b>		<b>308,936</b>	<b>255,688</b>	<b>19,745</b>	<b>16,341</b>

## Consolidated statement of changes in equity

### Equity attributable to equity holders of the parent

(In thousands of Estonian kroons)

	Share capital	Share premium	Statutory capital reserve	Translation differences	Retained reserve	Total	Minority interest	Total
<b>At 31 December 2008</b>	<b>1,510,000</b>	<b>227,273</b>	<b>37,759</b>	<b>35,407</b>	<b>-31,989</b>	<b>1,778,450</b>	<b>65,934</b>	<b>1,844,384</b>
Total comprehensive loss for the period	0	0	0	-23,830	-351,675	-375,505	-1,270	-376,775
<b>At 30 June 2009</b>	<b>1,510,000</b>	<b>227,273</b>	<b>37,759</b>	<b>11,577</b>	<b>-383,664</b>	<b>1,402,945</b>	<b>64,664</b>	<b>1,467,609</b>
<b>At 31 December 2009</b>	<b>1,510,000</b>	<b>227,273</b>	<b>37,759</b>	<b>390</b>	<b>-545,450</b>	<b>1,229,972</b>	<b>63,768</b>	<b>1,293,740</b>
Total comprehensive income for the period	0	0	0	-291	-17,279	-17,570	-1,900	-19,470
<b>At 30 June 2010</b>	<b>1,510,000</b>	<b>227,273</b>	<b>37,759</b>	<b>99</b>	<b>-562,729</b>	<b>1,212,402</b>	<b>61,868</b>	<b>1,274,270</b>

### Equity attributable to equity holders of the parent

(In thousands of euro)

	Share capital	Share premium	Statutory capital reserve	Translation differences	Retained reserve	Total	Minority interest	Total
<b>At 31 December 2008</b>	<b>96,507</b>	<b>14,525</b>	<b>2,413</b>	<b>2,263</b>	<b>-2,044</b>	<b>113,664</b>	<b>4,214</b>	<b>117,878</b>
Total comprehensive loss for the period	0	0	0	-1,523	-22,476	-23,999	-81	-24,080
<b>At 30 June 2009</b>	<b>96,507</b>	<b>14,525</b>	<b>2,413</b>	<b>740</b>	<b>-24,520</b>	<b>89,665</b>	<b>4,133</b>	<b>93,798</b>
<b>At 31 December 2009</b>	<b>96,507</b>	<b>14,525</b>	<b>2,413</b>	<b>25</b>	<b>-34,861</b>	<b>78,609</b>	<b>4,076</b>	<b>82,685</b>
Total comprehensive income for the period	0	0	0	-19	-1,104	-1,123	-121	-1,244
<b>At 30 June 2010</b>	<b>96,507</b>	<b>14,525</b>	<b>2,413</b>	<b>6</b>	<b>-35,965</b>	<b>77,486</b>	<b>3,955</b>	<b>81,441</b>

## Notes to the consolidated interim financial statements

### Note 1. Summary of significant accounting policies

Olympic Entertainment Group AS (the “Company”) is a company registered in Estonia on 15 November 1999. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the “Group”).

The complete audited consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available upon request from the Company’s registered office at Pronksi 19, Tallinn and at the company’s website at [www.olympic-casino.com](http://www.olympic-casino.com).

#### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009. These condensed consolidated interim financial statements were approved by the management board on 09 August 2010.

#### Basis of preparation

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009.

The Company’s functional and presentation currency is the Estonian kroon (EEK). In these financial statements and notes to the financial statements, all figures are presented both in thousands of Estonian kroons and in thousands of euro (€), rounded to the nearest thousand. The data has been translated from Estonian kroons to euro using the Eesti Pank (Bank of Estonia) exchange rate of 15.6466 Estonian kroons to 1 euro.

#### Changes in presentation

##### Losses from liquidation of tangible and intangible assets

The Group’s management has reviewed its principles of presenting the losses from liquidation of tangible and intangible assets. From 1 January 2010, the losses from liquidation of tangible and intangible assets are recognised in consolidated statement of comprehensive income on row “Depreciation, amortisation and impairment”. Previously, the losses from liquidation of tangible and intangible assets were recognised in consolidated statement of comprehensive income on row “Other expenses”. Gains and losses from sale of tangible and intangible assets are continually recognised in consolidated statement of comprehensive income on rows “Other revenues” and “Other expenses”.

#### Segment reporting

The Group’s management has reviewed its principles of presentation of segment reporting. From 1 January 2010, the performance of the segments is assessed based on segment’s revenue derived from outside of the Group and operating profit, including the effect of eliminations between the segments. Previously, the segments were assessed based on segment’s operating profit, excluding the effect of eliminations between the segments.

#### Use of estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## Note 2. Discontinued operations

In June 2009, Group initiated the liquidation process of subsidiaries Olympic Casino Ukraine TOV, Ukraine Leisure Company and Eldorado Leisure Company due to suspension of gaming activities in Ukraine. The Ukrainian segment is treated as discontinued operations in these financial statements.

### Analysis of income and expenses of discontinued operations

(In thousands of Estonian kroons)

	Q2 2010	Q2 2009	6M 2010	6M 2009
<b>Revenue and income</b>				
Income from gaming transactions	0	39,983	0	94,479
Sales revenue	0	2,481	0	6,935
Other income	0	41	0	357
<b>Total revenue and income</b>	<b>0</b>	<b>42,505</b>	<b>0</b>	<b>101,771</b>
<b>Expenses</b>				
Cost of materials, goods and services used	0	-1,459	0	-3,417
Other operating expenses	0	-33,258	0	-68,871
Personnel expenses	0	-10,544	0	-26,973
Depreciation of non-current assets	0	-13,537	0	-29,283
Impairment of tangible assets	0	-149,202	0	-149,202
Write-off of goodwill	0	-32,769	0	-32,769
Other expenses	0	-2,031	0	-1,792
<b>Total expenses</b>	<b>0</b>	<b>-242,800</b>	<b>0</b>	<b>-312,307</b>
<b>Operating loss</b>	<b>0</b>	<b>-200,295</b>	<b>0</b>	<b>-210,536</b>
Interest income	0	36	0	39
Foreign exchange gain/ losses	0	-296	0	-295
<b>Total financing income and expenses</b>	<b>0</b>	<b>-260</b>	<b>0</b>	<b>-256</b>
<b>Loss before tax</b>	<b>0</b>	<b>-200,555</b>	<b>0</b>	<b>-210,792</b>
Income tax	0	0	0	0
<b>OPERATIONS FOR THE PERIOD</b>	<b>0</b>	<b>-200,555</b>	<b>0</b>	<b>-210,792</b>

## Analysis of income and expenses of discontinued operations

(In thousands of euro)

	Q2 2010	Q2 2009	6M 2010	6M 2009
<b>Revenue and income</b>				
Income from gaming transactions	0	2,555	0	6,038
Sales revenue	0	159	0	444
Other income	0	3	0	22
<b>Total revenue and income</b>	<b>0</b>	<b>2,717</b>	<b>0</b>	<b>6,504</b>
<b>Expenses</b>				
Cost of materials, goods and services used	0	-93	0	-217
Other operating expenses	0	-2,126	0	-4,402
Personnel expenses	0	-674	0	-1,724
Depreciation of non-current assets	0	-865	0	-1,872
Impairment of tangible assets	0	-9,536	0	-9,536
Write-off of goodwill	0	-2,094	0	-2,094
Other expenses	0	-130	0	-115
<b>Total expenses</b>	<b>0</b>	<b>-15,518</b>	<b>0</b>	<b>-19,960</b>
<b>Operating loss</b>	<b>0</b>	<b>-12,801</b>	<b>0</b>	<b>-13,456</b>
Interest income	0	2	0	2
Foreign exchange gain/ losses	0	-19	0	-18
<b>Total financing income and expenses</b>	<b>0</b>	<b>-17</b>	<b>0</b>	<b>-16</b>
<b>Loss before tax</b>	<b>0</b>	<b>-12,818</b>	<b>0</b>	<b>-13,472</b>
Income tax	0	0	0	0
<b>OPERATIONS FOR THE PERIOD</b>	<b>0</b>	<b>-12,818</b>	<b>0</b>	<b>-13,472</b>

## Cash flows of discontinued operations

	(In thousands of Estonian kroons)		(In thousands of euro)	
	6M 2010	6M 2009	6M 2010	6M 2009
Net cash from operating activities	0	4,494	0	288
Net cash used in investing activities	0	-900	0	-58
<b>Net cash flows</b>	<b>0</b>	<b>3,594</b>	<b>0</b>	<b>230</b>

### Note 3. Investment property and property, plant and equipment

(In thousands of Estonian kroons)

	Investment property	Property, plant and equipment	Total
<b>At 31 December 2009</b>	<b>23,658</b>	<b>733,757</b>	<b>757,415</b>
Additions	0	37,287	37,287
Impairment	0	-9,875	-9,875
Returned leased assets (Note 5)	0	-14,470	-14,470
Net book amount of non-current assets disposed	-970	-2,039	-3,009
Depreciation for the period	0	-129,158	-129,158
Effect of movements in exchange rates	0	2,082	2,082
<b>At 30 June 2010</b>	<b>22,688</b>	<b>617,584</b>	<b>640,272</b>

(In thousands of euro)

	Investment property	Property, plant and equipment	Total
<b>At 31 December 2009</b>	<b>1,512</b>	<b>46,896</b>	<b>48,408</b>
Additions	0	2,383	2,383
Impairment	0	-631	-631
Returned leased assets (Note 5)	0	-925	-925
Net book amount of non-current assets disposed	-62	-130	-192
Depreciation for the period	0	-8,255	-8,255
Effect of movements in exchange rates	0	133	133
<b>At 30 June 2010</b>	<b>1,450</b>	<b>39,471</b>	<b>40,921</b>

### Note 4. Intangible assets

(In thousands of Estonian kroons)

	Goodwill	Other intangible assets	Total
<b>At 31 December 2009</b>	<b>430,684</b>	<b>20,094</b>	<b>450,778</b>
Additions	0	4,167	4,167
Impairment	0	-1,171	-1,171
Depreciation for the period	0	-4,636	-4,636
Effect of movements in exchange rates	-759	-1,094	-1,853
<b>At 30 June 2010</b>	<b>429,925</b>	<b>17,360</b>	<b>447,285</b>

(In thousands of euro)

	Goodwill	Other intangible assets	Total
<b>At 31 December 2009</b>	<b>27,526</b>	<b>1,284</b>	<b>28,810</b>
Additions	0	266	266
Impairment	0	-75	-75
Depreciation for the period	0	-296	-296
Effect of movements in exchange rates	-48	-70	-118
<b>At 30 June 2010</b>	<b>27,478</b>	<b>1,109</b>	<b>28,587</b>

## Note 5. Borrowings

### Finance lease liabilities

	(In thousands of Estonian kroons)		(In thousands of euro)	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Finance lease liabilities at beginning of the period	14,470	19,051	925	1,218
Principal payments made	0	-4,565	0	-292
Termination of contract	-14,494		-927	0
Effect of movements in exchange rates	24	-16	2	-1
Finance lease liabilities at end of the period	0	14,470	0	925
Current portion	0	14,470	0	925

In July 2007, the Latvian subsidiary acquired gaming equipment with finance lease. The contract term was 4 years, annual interest rate 4,8% and the base currency was euro. In January 2010, it was decided to terminate the finance lease agreement and to return the leased slot machines to the seller.

### Bank loans

	(In thousands of Estonian kroons)		(In thousands of euro)	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Loan liabilities at beginning of period	294,700	258,713	18,835	16,535
Loans received	0	55,545	0	3,550
Loan repayments made	-124,459	-19,558	-7,954	-1,250
Loan liabilities at end of period	170,241	294,700	10,881	18,835
current portion	48,641	73,675	3,109	4,708
non-current portion	121,600	221,025	7,772	14,127

In 2008, the Company concluded loan agreement with Swedbank AS with the limit of 25 million euros and due date of 25.12.2013. Since 07 April.2010 interest rate is fixed 5,45% p.a. Scheduled quarterly payments of the loan commenced in March 2010. In April 2010, prematurely 93,880 thousands kroons (EUR 6,000) was repaid.

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

### Other borrowings

	(In thousands of Estonian kroons)		(In thousands of euro)	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Other borrowings	244	7	15	0
<b>Total</b>	<b>244</b>	<b>7</b>	<b>15</b>	<b>0</b>

## Note 6. Share capital

Basic earnings per share for the first half of 2010 have been calculated by dividing the loss attributable to the equity holders of the parent for the period by number of 151,000,000 (2009: 151,000,000) shares.

	Q2 2010	Q2 2009	6M 2010	6M 2009
Profit (loss) for the period (in thousands of Estonian kroons)	-11,902	-255,234	-17,279	-351,675
Weighted average number of shares outstanding (in thousands)	151,000	151,000	151,000	151,000
<b>Basic earnings (loss) per share (in Estonian kroons)</b>	<b>-0.08</b>	<b>-1.69</b>	<b>-0.11</b>	<b>-2.33</b>
<b>Diluted earnings (loss) per share (in Estonian kroons)</b>	<b>-0.08</b>	<b>-1.69</b>	<b>-0.11</b>	<b>-2.33</b>

	Q2 2010	Q2 2009	6M 2010	6M 2009
Profit (loss) for the period (in thousands of euro)	-761	-16,312	-1,104	-22,476
Weighted average number of shares outstanding (in thousands)	151,000	151,000	151,000	151,000
<b>Basic earnings (loss) per share (in euro)</b>	<b>-0.01</b>	<b>-0.11</b>	<b>-0.01</b>	<b>-0.15</b>
<b>Diluted earnings (loss) per share (in euro)</b>	<b>-0.01</b>	<b>-0.11</b>	<b>-0.01</b>	<b>-0.15</b>

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 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%.

In order to duly perform these option agreements, The Supervisory Board of Olympic Entertainment Group AS proposes to the shareholders to vote on the extraordinary meeting of shareholders, to be held on 25 August 2010, for the increase of share capital by 4,503,840 kroons (287,848 euros) by issuing 450,384 new ordinary shares. The Supervisory Board proposes to the shareholders that the release is carried out so that the period of subscribing the shares is from 26 August 2010 to 31 August 2010. The shares have to be paid for by monetary contribution, the nominal value of the released shares is 10 kroons (0.64 euros) and the issue premium is 1.18 kroons (0.08 euros).

## Note 7. Segment reporting

The Group's segments have been determined on the basis of reports monitored and analysed by the parent'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 30 June 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.

Management estimates that inter-segment transactions have been concluded at market prices and under market conditions.

The principles of segment reporting have been changed retroactively from 1 January 2010 (note 1).



Olympic Entertainment Group AS  
Unaudited consolidated interim financial statements for the 1<sup>st</sup> half and 2<sup>nd</sup> quarter of 2010

## Geographical segments

### Continuing operations

(in thousands of Estonian kroons)

	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Consolidated	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009
Sales revenue	103,308	98,010	87,255	89,730	70,652	76,838	11,738	9,868	106,598	113,191	2,417	19,129	32,170	26,682	414,138	433,448
Inter-segment sales revenue	-849	-1,926	-232	-417	-26	0	0	0	-37	0	-7	0	0	0	-1,151	-2,343
<b>Sales revenue from external customers</b>	<b>102,459</b>	<b>96,084</b>	<b>87,023</b>	<b>89,313</b>	<b>70,626</b>	<b>76,838</b>	<b>11,738</b>	<b>9,868</b>	<b>106,561</b>	<b>113,191</b>	<b>2,410</b>	<b>19,129</b>	<b>32,170</b>	<b>26,682</b>	<b>412,987</b>	<b>431,105</b>
Other external income	1,355	542	369	948	13	0	543	22	392	509	466	270	0	9	3,138	2,300
<b>Total revenue</b>	<b>103,814</b>	<b>96,626</b>	<b>87,392</b>	<b>90,261</b>	<b>70,639</b>	<b>76,838</b>	<b>12,281</b>	<b>9,890</b>	<b>106,953</b>	<b>113,700</b>	<b>2,876</b>	<b>19,399</b>	<b>32,170</b>	<b>26,691</b>	<b>416,125</b>	<b>433,405</b>
<b>Total expenses</b>	<b>-102,352</b>	<b>-119,963</b>	<b>-76,832</b>	<b>-100,293</b>	<b>-62,996</b>	<b>-75,732</b>	<b>-12,524</b>	<b>-12,642</b>	<b>-118,892</b>	<b>-114,061</b>	<b>-22,426</b>	<b>-35,349</b>	<b>-30,618</b>	<b>-28,908</b>	<b>-426,640</b>	<b>-486,948</b>
incl depreciation, amortisation and impairment	-17,727	-24,634	-16,048	-25,596	-8,886	-10,613	-3,600	-3,574	-24,335	-13,324	-3,809	-6,127	-3,255	-3,836	-77,660	-87,704
<b>Operating profit (loss)</b>	<b>1,462</b>	<b>-23,337</b>	<b>10,560</b>	<b>-10,032</b>	<b>7,643</b>	<b>1,106</b>	<b>-243</b>	<b>-2,752</b>	<b>-11,939</b>	<b>-361</b>	<b>-19,550</b>	<b>-15,950</b>	<b>1,552</b>	<b>-2,217</b>	<b>-10,515</b>	<b>-53,543</b>
Net financial items															-1,829	-2,973
Income tax expense															-5,272	1,576
<b>Net profit (loss) for the period</b>															<b>-17,616</b>	<b>-54,940</b>

### Continuing operations

(in thousands of Estonian kroons)

	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Consolidated	
	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009
Sales revenue	200,320	190,697	176,372	187,986	133,290	158,315	21,821	20,636	207,293	224,870	20,260	29,605	64,899	52,743	824,255	864,852
Inter-segment sales revenue	-1,708	-4,032	-467	-1,059	-26	0	0	0	-37	0	-7	0	0	0	-2,245	-5,091
<b>Sales revenue from external customers</b>	<b>198,612</b>	<b>186,665</b>	<b>175,905</b>	<b>186,927</b>	<b>133,264</b>	<b>158,315</b>	<b>21,821</b>	<b>20,636</b>	<b>207,256</b>	<b>224,870</b>	<b>20,253</b>	<b>29,605</b>	<b>64,899</b>	<b>52,743</b>	<b>822,010</b>	<b>859,761</b>
Other external income	2,554	1,181	802	1,372	13	0	724	22	725	1,125	1,182	387	0	17	6,000	4,104
<b>Total revenue</b>	<b>201,166</b>	<b>187,846</b>	<b>176,707</b>	<b>188,299</b>	<b>133,277</b>	<b>158,315</b>	<b>22,545</b>	<b>20,658</b>	<b>207,981</b>	<b>225,995</b>	<b>21,435</b>	<b>29,992</b>	<b>64,899</b>	<b>52,760</b>	<b>828,010</b>	<b>863,865</b>
<b>Total expenses</b>	<b>-203,798</b>	<b>-253,912</b>	<b>-152,467</b>	<b>-215,295</b>	<b>-128,337</b>	<b>-160,953</b>	<b>-24,406</b>	<b>-26,304</b>	<b>-224,191</b>	<b>-234,483</b>	<b>-44,256</b>	<b>-59,724</b>	<b>-59,476</b>	<b>-54,687</b>	<b>-836,931</b>	<b>-1,005,358</b>
incl depreciation, amortisation and impairment	-35,833	-47,658	-32,425	-52,155	-17,752	-21,109	-7,014	-7,353	-37,978	-24,920	-7,451	-12,209	-6,387	-6,457	-144,840	-171,861
<b>Operating profit (loss)</b>	<b>-2,632</b>	<b>-66,066</b>	<b>24,240</b>	<b>-26,996</b>	<b>4,940</b>	<b>-2,638</b>	<b>-1,861</b>	<b>-5,646</b>	<b>-16,210</b>	<b>-8,488</b>	<b>-22,821</b>	<b>-29,732</b>	<b>5,423</b>	<b>-1,927</b>	<b>-8,921</b>	<b>-141,493</b>
Net financial items															-4,766	-1,867
Income tax expense															-5,492	1,207
<b>Net profit (loss) for the period</b>															<b>-19,179</b>	<b>-142,153</b>

## Geographical segments

### Continuing operations

(in thousands of euro)

	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Consolidated	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009
Sales revenue	6,603	6,264	5,577	5,735	4,515	4,911	750	631	6,813	7,234	154	1,223	2,056	1,705	26,468	27,703
Inter-segment sales revenue	-54	-123	-15	-27	-2	0	0	0	-2	0	0	0	0	0	-73	-150
<b>Sales revenue from external custor</b>	<b>6,549</b>	<b>6,141</b>	<b>5,562</b>	<b>5,708</b>	<b>4,513</b>	<b>4,911</b>	<b>750</b>	<b>631</b>	<b>6,811</b>	<b>7,234</b>	<b>154</b>	<b>1,223</b>	<b>2,056</b>	<b>1,705</b>	<b>26,395</b>	<b>27,553</b>
Other external income	87	35	24	61	1	0	35	1	25	33	30	17	0	1	200	147
<b>Total revenue</b>	<b>6,636</b>	<b>6,176</b>	<b>5,586</b>	<b>5,769</b>	<b>4,514</b>	<b>4,911</b>	<b>785</b>	<b>632</b>	<b>6,836</b>	<b>7,267</b>	<b>184</b>	<b>1,240</b>	<b>2,056</b>	<b>1,706</b>	<b>26,595</b>	<b>27,700</b>
<b>Total expenses</b>	<b>-6,541</b>	<b>-7,667</b>	<b>-4,910</b>	<b>-6,410</b>	<b>-4,026</b>	<b>-4,840</b>	<b>-800</b>	<b>-808</b>	<b>-7,599</b>	<b>-7,290</b>	<b>-1,434</b>	<b>-2,259</b>	<b>-1,957</b>	<b>-1,848</b>	<b>-27,267</b>	<b>-31,122</b>
incl depreciation, amortisation and	-1,133	-1,574	-1,026	-1,636	-568	-678	-230	-228	-1,555	-852	-243	-392	-208	-245	-4,963	-5,605
<b>Operating profit (loss)</b>	<b>95</b>	<b>-1,491</b>	<b>676</b>	<b>-641</b>	<b>488</b>	<b>71</b>	<b>-15</b>	<b>-176</b>	<b>-763</b>	<b>-23</b>	<b>-1,250</b>	<b>-1,019</b>	<b>99</b>	<b>-142</b>	<b>-672</b>	<b>-3,422</b>
Net financial items															-117	-190
Income tax expense															-337	101
<b>Net profit (loss) for the period</b>															<b>-1,126</b>	<b>-3,511</b>

### Continuing operations

(in thousands of euro)

	Eesti		Läti		Leedu		Valgevene		Poola		Rumeenia		Slovakkia		Konsolideeritud	
	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009	6M 2010	6M 2009
Sales revenue	12,802	12,189	11,272	12,014	8,519	10,118	1,395	1,319	13,248	14,372	1,295	1,892	4,148	3,371	52,679	55,275
Inter-segment sales revenue	-109	-258	-30	-68	-2	0	0	0	-2	0	0	0	0	0	-143	-326
<b>Sales revenue from external custor</b>	<b>12,693</b>	<b>11,931</b>	<b>11,242</b>	<b>11,946</b>	<b>8,517</b>	<b>10,118</b>	<b>1,395</b>	<b>1,319</b>	<b>13,246</b>	<b>14,372</b>	<b>1,295</b>	<b>1,892</b>	<b>4,148</b>	<b>3,371</b>	<b>52,536</b>	<b>54,949</b>
Other external income	163	75	51	88	1	0	46	1	46	72	76	25	0	1	383	262
<b>Total revenue</b>	<b>12,856</b>	<b>12,006</b>	<b>11,293</b>	<b>12,034</b>	<b>8,518</b>	<b>10,118</b>	<b>1,441</b>	<b>1,320</b>	<b>13,292</b>	<b>14,444</b>	<b>1,371</b>	<b>1,917</b>	<b>4,148</b>	<b>3,372</b>	<b>52,919</b>	<b>55,211</b>
<b>Total expenses</b>	<b>-13,026</b>	<b>-16,228</b>	<b>-9,744</b>	<b>-13,760</b>	<b>-8,202</b>	<b>-10,287</b>	<b>-1,560</b>	<b>-1,681</b>	<b>-14,328</b>	<b>-14,986</b>	<b>-2,828</b>	<b>-3,817</b>	<b>-3,801</b>	<b>-3,495</b>	<b>-53,489</b>	<b>-64,254</b>
incl depreciation, amortisation and	-2,291	-3,046	-2,072	-3,333	-1,135	-1,349	-448	-470	-2,427	-1,593	-476	-780	-408	-413	-9,257	-10,984
<b>Operating profit (loss)</b>	<b>-170</b>	<b>-4,222</b>	<b>1,549</b>	<b>-1,726</b>	<b>316</b>	<b>-169</b>	<b>-119</b>	<b>-361</b>	<b>-1,036</b>	<b>-542</b>	<b>-1,457</b>	<b>-1,900</b>	<b>347</b>	<b>-123</b>	<b>-570</b>	<b>-9,043</b>
Net financial items															-304	-119
Income tax expense															-351	77
<b>Net profit (loss) for the period</b>															<b>-1,225</b>	<b>-9,085</b>

## Note 8. 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 1<sup>st</sup> half of 2010 and 1<sup>st</sup> half of 2009:

Related party	Transaction	(In thousands of Estonian kroons)		(In thousands of euro)	
		6M 2010	6M 2009	6M 2010	6M 2009
		Purchases	Purchases	Purchases	Purchases
Shareholder with significant influence	Lease of business premises	555	555	35	35
Company related to the member of the Supervisory Board	Purchase of goods	20	30	1	2
Company related to the member of the Supervisory Board	Training expenses	111	0	7	0
<b>Total</b>		<b>686</b>	<b>585</b>	<b>43</b>	<b>37</b>

As at 30.06.2010 and 31.12.2009, there were no balances of receivables and liabilities.

In 1<sup>st</sup> half of 2010, remuneration and benefits, including social security taxes of the members of the Supervisory and Management Board totalled 2,536 thousand kroons (162 thousand euros), in 1<sup>st</sup> half of 2009, 3,193 thousand kroons (204 thousand euros).

**Management Board`s confirmation of the consolidated interim financial statements for the 1<sup>st</sup> half and 2<sup>nd</sup> quarter of 2010**

The Management Board confirms the correctness and completeness of the consolidated financial statements of the Olympic Entertainment Group AS and its subsidiaries (together the “Group”) for the 6 months of 2010, presented on pages 4 to 27, and confirms that to the best of its knowledge, information and belief that:

- the General Manager’s report presents fairly the development, performance and financial position of Olympic Entertainment Group AS, the company and the Group, and provides an overview of the main risks and uncertainties;
- the policies applied in the preparation of the consolidated interim financial statements comply with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU;
- the consolidated interim financial statements give a true and fair view of the assets, liabilities and financial position of the Group and of the results of its operations and its cash flows;
- Olympic Entertainment Group AS and its subsidiaries are going concerns.

09 August 2010



Indrek Jürgenson  
Member of the Management Board



Kristi Ojakäär  
Member of the Management Board