

Olympic Entertainment Group AS

Unaudited consolidated interim financial statements
for the 12 months and 4th quarter of 2010

Olympic Entertainment Group AS

Unaudited consolidated interim financial statements for the 12 months and 4th quarter of 2010

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
Website	www.olympic-casino.com
Core activity	Provision of gaming services
Beginning of financial year	1 January 2010
End of reporting period	31 December 2010
General Manager	Indrek Jürgenson
Auditor	AS PricewaterhouseCoopers

Contents

Management report	4
Consolidated interim financial statements	14
Consolidated interim statement of financial position	14
Consolidated interim statement of comprehensive income	15
Consolidated interim statement of cash flows	17
Consolidated statement of changes in equity	18
Notes to the consolidated interim financial statements	19
Note 1. Summary of significant accounting policies	19
Note 2. Discontinued operations	21
Note 3. Investment property	23
Note 4. Property, plant and equipment	23
Note 5. Intangible assets	24
Note 6. Borrowings	24
Note 7. Share capital	25
Note 8. Segment reporting	26
Note 9. Transactions with related parties	29
Management Board's confirmation of the consolidated interim financial statements for the 12 months and 4rd quarter of 2010	30

Management 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.

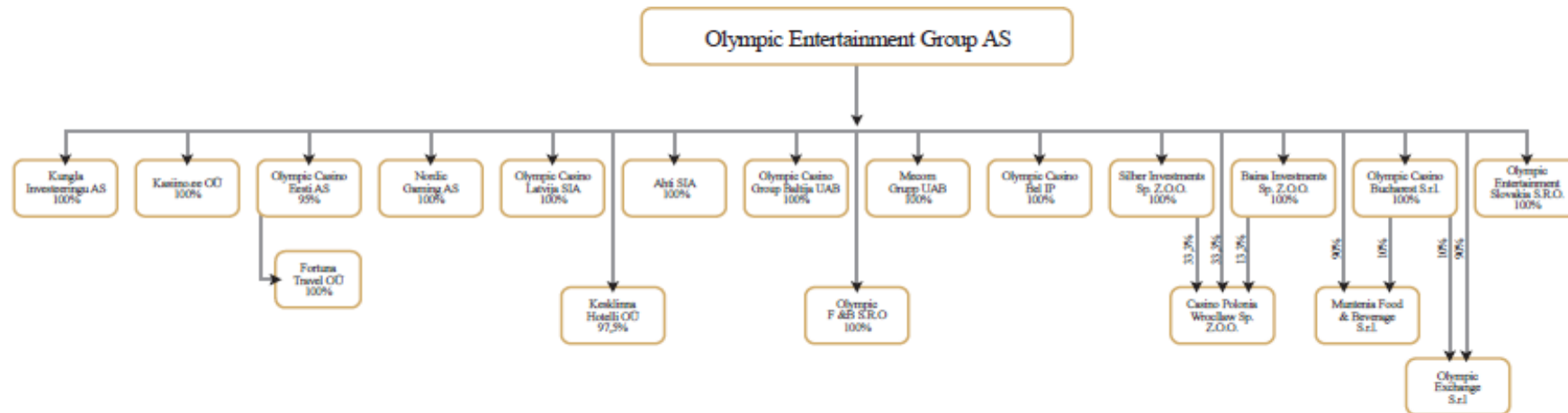
Olympic Entertainment Group AS is the Group’s ultimate holding company, which deals with the Group’s strategic management and financing. The Group’s casinos are operated by local subsidiaries: Olympic Casino Eesti AS in Estonia, Olympic Casino Latvia SIA in Latvia, Olympic Casino Group Baltija UAB in 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 Casino 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
		31.12.2010	31.12.2009	
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 Casino Slovakia S.r.o.	Slovakia	100%	100%	Gaming services
Olympic F & B S.r.o.	Slovakia	100%	100%	Bar services

The Group's structure at 31 December 2010



Selected financial data, Q4 2010:

Continuing operations

Revenue:	484.9	million kroons	(Q4 2009: 423.5)
EBITDA:	87.3	million kroons	(Q4 2009: 6.5)
EBITDA margin:	18.2%		(Q4 2009: 1.5%)
EBIT:	16.2	million kroons	(Q4 2009: -114.6)
EBIT margin:	3.4%		(Q4 2009: -27.1%)

Net profit (loss) before income tax*:	16.1	million kroons	(Q4 2009: -116.6)
---------------------------------------	------	----------------	-------------------

Selected financial data, 2010:

Continuing operations

Revenue:	1,760.6	million kroons	(Q4 2009: 1,702.5)
EBITDA:	330.1	million kroons	(Q4 2009: 60.3)
EBITDA margin:	18.8%		(Q4 2009: 3.5%)
EBIT:	49.1	million kroons	(Q4 2009: -336.9)
EBIT margin:	2.8%		(Q4 2009: -19.8%)

Net profit (loss) before income tax*:	42.5	million kroons	(Q3 2009: -344.5)
---------------------------------------	------	----------------	-------------------

* Net profit (loss) before minority interest

1 EUR = 15.6466 EEK

In Q4 2010 the Group continued improving its efficiency and financial results according to expectations. In Q4 2010 Group's revenue growth composed 14.5% or 61.4 million kroons (3.9 million euros) compared to the same period last year. In Q4 2010 Group's revenues composed 484.9 million kroons (31 million euros), in Q4 2009 Group earned 423.5 million kroons (27.1 million euros) of revenue from continuing operations.

Group has earned an EBITDA of 87.3 million kroons (5.6 million euros) in Q4 2010, which is 1250.2% more than during the same period last year from continuing operations. Operating income in Q4 2010 constituted 16.2 million kroons (1 million euros), during the same period last year Group has earned operating loss of 114.6 million kroons (7.3 million euros). Operating result grew 130.8 million kroons (8.4 million euros).

In Q4 2010 consolidated revenues have increased in Estonia 13.6%, in Latvia 30.1%, in Lithuania 4.5%, in Belarus 27.5%, in Poland 14.3% and in Slovakia 34.5% compared to Q4 2009. Only in Romania revenues have decreased by 81.1% in comparison to Q4 2009. All segments earned operating profit in Q4 2010, except for Polish and Romanian segments.

Significant developments of 2010:

- Group has achieved net profit – consolidated net profit after corporate income tax for the 2010 composed 17.2 million kroons (1.1 million euros). During 2009 Group has earned net loss after corporate income tax in continuing operations in amount of 332.5 million kroons (21.3 million euros).
- Efficiency of the Group operational activity has improved significantly. 1 760.6 million kroons (112.5 million euros) of revenue was earned in Group continuing operations, 3.4% more compared to 2009 revenue. At the same time, the number of operated casinos was decreased by 2 or 3% and operating expenses have been decreased by 16.1% or 327.8 million kroons (21 million euros).
- In order to improve operational efficiency the Group has decided to close 3 casinos that resulted to the assets impairment in the amount of 15.3 million kroons (1.0 million euros).
- The Group has grown its market share in accordance with projections. By the end of 2010 the market share in Estonia was 53%, in Latvia 20% and in Lithuania 68%. At the end of 2009 the market share in Estonia was 49%, in Latvia 13% and in Lithuania 60%.
- In January 2010 Group's subsidiary Olympic Casino Eesti AS has received a first Estonian online gaming operational licence. Online casino was launched in February. During the year of 2010 the Group has earned 19.7 million kroons (1.3 million euros) of revenue from the online gaming activity.
- In June new 3rd casino project was started in Slovakia. Slovakian segment revenue growth has been the fastest this year, the growth composed 26.5% compared to last year. The 3rd Olympic Casino is located in the newest and largest shopping mall Eurovea Galleria in the Bratislava city center. The total investment in the new casino amounted to 6.3 million kroons (0.4 million euros).

In the 2010 the Group has earned 1,744.2 million kroons (111.5 million euros) of consolidated sales revenue and 1,760.6 million kroons (112.5 million euros) of total revenue, which is 3.4% more than 1,702.5 million kroons (108.8 million euros) total revenue earned from continuing operations in 2009. Group's EBITDA has grown from 60.3 million kroons (3.9 million euros) earned from continuing operations in the year of 2009 to 330.1 million kroons (21.1 million euros) earned within the current year. Operating profit for the year of 2010 constituted 49.1 million kroons (3.1 million euros), while operating loss for 2009 constituted 336.9 million kroons (21.5 million euros).

In 2010 92% of consolidated revenue was formed by gaming operations and 8% of other income, last year the corresponding proportion was 93% to 7%.

External revenue by segments

(thousands EEK)	2010	Change%	Proportion	2009	Proportion
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%	100.0%	1,702,484	100.0%

1 EUR = 15.6466 EEK

At the end of 2010, Group operated 66 casinos with a total area of 25,802 m². At the end of 2009 Group had 68 casinos with a total area of 25,745 m².

Number of casinos by segments

	31 December 2010	31 December 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

Group consolidated expenses before depreciation and impairment during the year of 2010 have decreased by 12.9% or 211.7 million kroons (13.5 million euros) compared to the expenses from continuing operations in the 2010. The strongest decline compared to 2009 came from personnel expenses 11.5% or 61.2 million kroons (3.9 million euros), rental expenses 25.8% or 58.6 million kroons (3.7 million euros) and gaming equipment maintenance expenses 55.7% or 27.4 million kroons (1.8 million euros).

The largest Group expense article before depreciation and impairment is personnel expenses including social security taxes of 468.8 million kroons (30 million euros), followed by gaming tax expenses of 398.5 million kroons (25.5 million euros), rental expenses of 168.6 million kroons (10.8 million euros) and marketing expenses of 147.9 million kroons (9.5 million euros).

Group's net profit after corporate income tax for the year of 2010 equalled 17.2 million kroons (1.1 million euros), in the year of 2009 net loss from continuing operations totalled 332.5 million kroons (21.3 million euros).

Estonian segment

In the year of 2010 the segment external revenue amounted to 433.4 million kroons (27.7 million euros), including landbase gaming revenue of 369.9 million kroons (23.6 million euros), online gaming revenue of 19.7 million kroons (1.3 million euros) and other revenue of 43.8 million kroons (2.8 million euros).

Estonian segment external revenue has grown by 10.6% compared to last year. Decline of the Estonian gaming market in the year of 2010 compared to last year composed 1.6%. Olympic Casino Eesti AS market share on Estonian gaming market at the end of December 2010 composed 53%, at the end of December 2009 Olympic Casino Eesti AS market share amounted to 49%.

Estonian segment 2010 EBITDA equalled 84.4 million kroons (5.4 million euros) and operating profit amounted to 14.8 million kroons (0.9 million euros). In the year of 2009 Estonian segment has earned an EBITDA of -8.4 million kroons (-0.5 million euros) and operating loss of 126.8 million kroons (8.1 million euros).

At the end of December 2010, there were 17 Olympic Casinos in Estonia with a total of 698 slot machines and 19 game tables.

Latvian segment

In the year of 2010 Latvian segment external revenue amounted to 388.2 million kroons (24.8 million euros), including gaming revenue of 353.3 million kroons (22.6 million euros) and other revenue of 34.9 million kroons (2.2 million euros). Latvian segment external revenue has increased by 5.9% compared to the same period last year. The decline of the gaming market in Latvia in the year of 2010 composed 20% compared to the same period last year. At the end of December 2010 Olympic Casino Latvia SIA market share on the Latvian gaming market composed 20%, at the end of the December 2009 Olympic Casino Latvia SIA market share was 13%.

Latvian segment EBITDA for the 2010 equalled 140.7 million kroons (9 million euros) and operating profit amounted to 76 million kroons (4.9 million euros). In the year of 2009 Latvian segment has earned an EBITDA of 57.8 million kroons (3.7 million euros) and operating loss of 39.5 million kroons (2.5 million euros).

At the end of December 2010 there were 21 Olympic casinos in Latvia with a total of 653 slot machines and 23 game tables.

Lithuanian segment

Lithuanian segment has finished 2010 with an external revenue of 268.9 million kroons (17.2 million euros), including gaming revenue of 252.4 million kroons (16.1 million euros) and other revenue of 16.5 million kroons (1.1 million euros). Lithuanian segment external revenue has decreased by 7.3% compared to the same period last year. Decline of the gaming market in Lithuania in the 2010 totalled 8.9% in comparison with the 2009. At the end of December 2010 Olympic Casino Group Baltija UAB market share on Lithuanian gaming market was 68%, at the end of December 2009 Olympic Casino Group Baltija UAB market share was 60%.

Lithuanian segment EBITDA in the 2010 amounted to 50.5 million kroons (3.2 million euros) and operating profit equalled 14 million kroons (0.9 million euros). In the 2009 Lithuanian segment has earned an EBITDA of 31.1 million kroons (2 million euros) and operating loss of 38.8 million kroons (2.5 million euros).

At the end of December 2010 there were 11 Olympic casinos in Lithuania with a total of 376 slot machines and 52 game tables.

Belarus segment

Belarus segment external revenue for the 2010 amounted to 50.9 million kroons (3.3 million euros), including gaming revenue of 46.7 million kroons (3 million euros) and other revenue of 4.2 million kroons (0.3 million euros). Belarus segment external revenue has grown 19.4% compared to the same period a year ago.

Belarus segment EBITDA for the year of 2010 totalled 14.2 million kroons (0.9 million euros) and operating profit equalled 0.3 million kroons (0.02 million euros). In the year of 2009 Belarus segment has earned an EBITDA of 5.3 million kroons (0.3 million euros) and operating loss of 8.9 million kroons (0.6 million euros).

At the end of December 2010, 5 Olympic Casinos were operating in Belarus with a total of 240 slot machines.

Polish segment

Polish segment has finished the year of 2010 with an external revenue of 436.1 million kroons (27.9 million euros), including gaming revenue of 427.6 million kroons (27.3 million euros) and other revenue of 8.5 million kroons (0.5 million euros). External revenue of the Polish segment has decreased by 1.7% compared to last year.

Polish segment 2010 EBITDA totalled 41.8 million kroons (2.7 million euros) and operating loss was 27.5 million kroons (1.8 million euros). Operating loss includes 15.3 million kroons (1.0 million euros) of assets impairment expenses connected with closure of casinos and 8.0 million kroons (0.5 million euros) provision of onerous rent contract. In the year of 2009 Polish segment has earned an EBITDA of 24.5 million kroons (1.6 million euros) and operating loss of 27.9 million kroons (1.8 million euros).

During the year of 2010 1 casino was reopened and 2 casinos were closed in Poland. At the end of December 2010 there were 7 Olympic casinos in Poland with a total of 329 slot machines and 45 game tables.

Romanian segment

In the year of 2010 Romanian segment external revenue equalled 41.8 million kroons (2.7 million euros), including gaming revenue of 28.3 million kroons (1.8 million euros) and other revenue of 13.5 million kroons (0.9 million euros). Romanian segment external revenue has declined by 25.7% compared to the year of 2009.

Romanian segment EBITDA for 2010 composed -27.2 million kroons (-1.7 million euros) and operating loss was 40.7 million kroons (2.6 million euros). During the year of 2009 Romanian segment has earned an EBITDA of -67.1 million kroons (-4.3 million euros) and operating loss of 99.3 million kroons (6.3 million euros).

At the end of December 2010, there were 2 Olympic casinos operating in Romania with a total of 79 slot machines and 13 game tables.

Slovakian segment

In the year of 2010 Slovakian segment has earned 141.5 million kroons (9 million euros) of external revenue, including gaming revenue of 126.5 million kroons (8.1 million euros) and other revenue of 15 million kroons (0.9 million euros). Slovakian segment external revenue has grown by 26.5% compared to 2009.

Slovakian segment EBITDA for the 2010 amounted to 25.7 million kroons (1.6 million euros) and operating profit was 12.2 million kroons (0.8 million euros). In 2009 Slovakian segment has earned an EBITDA of 17 million kroons (1.1 million euros) and operating profit of 4.2 million kroons (0.3 million euros).

At the end of December 2010, there were 3 Olympic casinos operating in Slovakia with a total of 144 slot machines and 30 game tables.

Financial position

At December 30th 2010, the consolidated balance sheet of Group totaled 1,685.1 million kroons (107.7 million euros). At December 31st 2009, the consolidated balance sheet of Group amounted to 1,776.0 million kroons (113.5 million euros). Balance sheet volume has decreased by 5.1% within the year, which is mostly connected with loan repayments.

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

At December 30th 2010 Group's liabilities amounted to 359.3 million kroons (23.0 million euros) and consolidated equity totalled 1,325.8 million kroons (84.7 million euros). The largest part of Group's liabilities were loans in amount of 145.9 million kroons (9.3 million euros), tax commitments of 63.1 million kroons (4 million euros) and payables to employees of 45.5 million kroons (2.9 million euros).

Investments

In the year of 2010 Group's investments into tangible assets amounted to 68.4 million kroons (4.4 million euros), including 41.4 million kroons (2.6 million euros) invested into new gaming equipment. Investment into intangible assets within the 2010 equalled 10.5 million kroons (0.7 million euros).

In the year of 2009 a total of 66.3 million kroons (4.2 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 operating cash flows during the 2010 were 315.6 million kroons (20.2 million euros). Cash outflows from investing activities were 4.7 million kroons (0.3 million euros) and cash outflows from financing

activities were 145.3 million kroons (9.3 million euros). Net cash flows amounted to 165.5 million kroons (10.6 million euros).

Group's operating cash flows in the 2009 were 104.6 million kroons (6.7 million euros). Cash outflows from investing activities composed 81.0 million kroons (5.2 million euros) and cash flows from financing activities were 31.4 million kroons (2 million euros). Net cash flows was 55.0 million kroons (3.5 million euros).

People

As of 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.

Employee remuneration expenses including social charges in the 2010 amounted to 468.8 million kroons (30 million euros); last year the relevant figure was 529.9 million kroons (33.9 million euros).

Olympic Entertainment Group AS shares

Olympic Entertainment Group AS is listed on main list of Tallinn Stock Exchange from 23rd of October 2006, the company has issued 151.0 million ordinary shares with nominal value of 10 kroons. Starting from 26th of September 2007, Olympic Entertainment Group AS shares are traded on Warsaw Stock Exchange. At the extraordinary general meeting of the shareholders held on 25 August 2010 the increase of share capital of Olympic Entertainment Group AS for fulfilling the share option agreements concluded by Olympic Entertainment Group AS was approved. The share capital increase was registered in the Commercial Register on 14 September 2010. The new registered share capital of Olympic Entertainment Group AS is 1,513,295,050 Estonian kroons (EUR 96,717,181) divided into 151,329,505 shares with the nominal value of 10 Estonian kroons (EUR 0.64) per share.

ISIN code	EE3100084021
Short name of the security	OEG1T
Market	BALTIC MAIN LIST
Nominal value	10.00 EEK
Number of securities issued	151 329 505
Number of listed securities	151 329 505
Listing date	23.10.2006

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



€1 = 15.6466 kroons

Shareholder`s structure

At 31 December 2010, the largest shareholders were:

Hansa Assets OÜ	45.87%
Hendaya Invest OÜ	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 klient 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%

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 starting from 20 December 2010 Madis Jääger; by that date Kristi Ojakäär who was the second member of the management board has left the company. 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.

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 managed 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

Continued operations

	2010	2009	Change
Revenue (million kroons)	1,760.6	1,702.5	3.4%
EBITDA (million kroons)	330.1	60.3	447.8%
Operating profit (loss) (million kroons)	49.1	-336.9	
Net profit (loss) (million kroons)	17.2	-332.5	
EBITDA margin	18.8%	3.5%	429.7%
Operating margin	2.8%	-19.8%	
Net margin	1%	-19.5%	
Equity ratio	78.7%	72.8%	
Number of casinos at the end of the period	66	68	-2
Total area of casinos m2 at the end of the period	25,802	25,745	57
Number of slots at the end of the period	2,519	2,388	131
Number of game tables at the end of the period	182	186	-4

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	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Current assets					
Cash and cash equivalents		453,130	286,067	28,960	18,283
Financial investments		61,607	48,184	3,937	3,080
Trade receivables		5,412	5,473	347	350
Other receivables and prepayments		72,168	73,977	4,612	4,728
Prepaid income tax		11,477	23,437	734	1,498
Inventories		22,154	14,068	1,416	899
Non-current assets held for sale		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		17,179	21,395	1,098	1,367
Financial investments		14,510	61,405	927	3,924
Other long-term receivables		14,844	15,983	949	1,021
Investment property	3	22,130	23,658	1,414	1,512
Property, plant and equipment	4	518,447	733,757	33,135	46,896
Intangible assets	5	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
LIABILITIES AND EQUITY		(In thousands of Estonian kroons)		(In thousands of euro)	
		31.12.2010	31.12.2009	31.12.2010	31.12.2009
LIABILITIES					
Current liabilities					
Borrowings	6	48,641	88,145	3,109	5,633
Customer advances		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
Income tax payable		13,035	298	833	19
Other tax liabilities		50,119	48,695	3,203	3,112
Other accrued payables		54,377	54,774	3,475	3,501
Provisions		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		4,901	4,723	313	302
Borrowings	6	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 reserves		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
Minority interest		63,086	63,768	4,032	4,076
Total equity		1,325,803	1,293,740	84,734	82,685
TOTAL LIABILITIES AND EQUITY		1,685,079	1,776,015	107,696	113,508

Consolidated interim statement of comprehensive income

(In thousands of Estonian kroons)	Note	Q4 2010	Q4 2009	2010	2009
Continuing operations					
Revenue and income					
Income from gaming transactions		445,077	389,749	1,624,386	1,579,370
Revenue		32,455	29,513	119,816	111,838
Other income		7,344	4,212	16,412	11,276
Total revenue and income		484,876	423,474	1,760,614	1,702,484
Expenses					
Cost of materials, goods and services		-16,819	-14,090	-42,172	-52,038
Other operating expenses		-249,931	-251,736	-913,645	-992,256
Personnel expenses		-128,903	-115,032	-468,757	-529,925
Depreciation, amortisation and impairment losses	4;5	-70,511	-102,646	-280,510	-377,756
Change in the fair value of investment property	3	-558	-19,402	-558	-19,402
Other expenses		-1,960	-35,127	-5,908	-68,004
Total expenses		-468,682	-538,033	-1,711,550	-2,039,381
Operating profit (loss)		16,194	-114,559	49,064	-336,897
Financial income and expenses					
Interest income		1,656	2,096	4,718	9,006
Interest expense		-2,191	-4,325	-10,864	-19,497
Foreign exchange loss		493	282	103	3,177
Other financial income and expenses		-90	-66	-509	-258
Total financial income and expenses		-132	-2,013	-6,552	-7,572
Profit (loss) before tax		16,062	-116,572	42,512	-344,469
Income tax expense		-17,499	10,269	-25,309	11,978
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD		-1,437	-106,303	17,203	-332,491
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS FOR THE PERIOD					
	2	0	31,774	0	-182,744
NET PROFIT (LOSS) FOR THE PERIOD		-1,437	-74,529	17,203	-515,235
Other comprehensive profit (loss)					
Currency translation differences					
continuing operations		3,426	5,980	11,189	-14,401
discontinued operations		0	-29,217	0	-20,616
Total other comprehensive profit (loss)		3,426	-23,237	11,189	-35,017
Total comprehensive profit (loss) for the period		1,989	-97,766	28,392	-550,252
Net profit (loss) for the period					
Minority interest		-2,098	-1,510	-682	-2,166
Attributable to equity owners of the parent					
continuing operations		661	-104,793	17,885	-330,325
discontinued operations	2	0	31,774	0	-182,744
		-1,437	-74,529	17,203	-515,235
Total comprehensive profit (loss) for the period					
Minority interest		-2,098	-1,510	-682	-2,166
Attributable to equity owners of the parent					
continuing operations		4,087	-98,813	29,074	-344,726
discontinued operations		0	2,557	0	-203,360
		1,989	-97,766	28,392	-550,252
Continuing operations					
Basic earnings (loss) per share	7	0.004	-0.69	0.12	-2.19
Diluted earnings (loss) per share	7	0.004	-0.69	0.12	-2.19
Discontinued operations					
Basic earnings (loss) per share	7	0.00	0.21	0.00	-1.21
Diluted earnings (loss) per share	7	0.00	0.21	0.00	-1.21

Consolidated interim statement of comprehensive income

(In thousands of euro)	Note	Q4 2010	Q4 2009	2010	2009
Continuing operations					
Revenue and income					
Income from gaming transactions		28,446	24,910	103,817	100,940
Revenue		2,074	1,886	7,658	7,148
Other income		469	269	1,049	720
Total revenue and income		30,989	27,065	112,524	108,808
Expenses					
Cost of materials, goods and services		-1,075	-901	-2,695	-3,326
Other operating expenses		-15,973	-16,089	-58,392	-63,417
Personnel expenses		-8,238	-7,352	-29,959	-33,869
Depreciation, amortisation and impairment losses	4;5	-4,507	-6,560	-17,928	-24,143
Change in the fair value of investment property	3	-36	-1,240	-36	-1,240
Other expenses		-125	-2,245	-378	-4,346
Total expenses		-29,954	-34,387	-109,388	-130,341
Operating profit (loss)		1,035	-7,322	3,136	-21,533
Financial income and expenses					
Interest income		106	134	302	575
Interest expense		-140	-276	-694	-1,246
Foreign exchange loss		32	18	7	203
Other financial income and expenses		-6	-4	-34	-16
Total financial income and expenses		-8	-128	-419	-484
Profit (loss) before tax		1,027	-7,450	2,717	-22,017
Income tax expense		-1,118	656	-1,618	766
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD		-91	-6,794	1,099	-21,251
NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS FOR THE PERIOD	2	0	2,031	0	-11,679
NET PROFIT (LOSS) FOR THE PERIOD		-91	-4,763	1,099	-32,930
Other comprehensive profit (loss)					
Currency translation differences					
continuing operations		219	382	715	-920
discontinued operations		0	-1,867	0	-1,318
Total other comprehensive profit (loss)		219	-1,485	715	-2,238
Total comprehensive profit (loss) for the period		128	-6,248	1,814	-35,168
Net profit (loss) for the period					
Minority interest		-134	-97	-44	-138
Attributable to equity owners of the parent					
continuing operations		43	-6,697	1,143	-21,113
discontinued operations	2	0	2,031	0	-11,679
		-91	-4,763	1,099	-32,930
Total comprehensive profit (loss) for the period					
Minority interest		-134	-97	-44	-138
Attributable to equity owners of the parent					
continuing operations		262	-6,315	1,858	-22,033
discontinued operations		0	164	0	-12,997
		128	-6,248	1,814	-35,168
Continuing operations					
Basic earnings (loss) per share	7	0.0003	-0.04	0.01	-0.14
Diluted earnings (loss) per share	7	0.0003	-0.04	0.01	-0.14
Discontinued operations					
Basic earnings (loss) per share	7	0.00	0.013	0.00	-0.08
Diluted earnings (loss) per share	7	0.00	0.013	0.00	-0.08

Consolidated interim statement of cash flows

		(In thousands of Estonian kroons)		(In thousands of euro)	
	Note	2010	2009	2010	2009
Cash flows from operating activities					
Net profit (loss)		17,203	-515,235	1,099	-32,930
Adjustments					
Depreciation, impairment of tangible and intangible assets	4;5	280,510	556,797	17,928	35,586
Impairment losses on goodwill		0	32,769	0	2,095
Impairment of investment property	3	558	19,402	36	1,240
Profit (loss) on the sale of investment property		-30	1,026	-2	66
Loss on the sale of tangible and intangible assets		281	46,741	18	2,987
Other financial income and expenses (net)		6,552	-24,751	419	-1,582
Change in receivables and prepayments related to operating activities		3,775	67,548	241	4,319
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 operating activities		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					
Purchases of property, plant and equipment, and intangible assets		-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		1,000	1,244	64	80
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		5,111	7,697	327	492
Net cash used in investing activities		-4,747	-81,015	-303	-5,177
Cash flows from financing activities					
Proceeds from issue of shares		3,443	0	220	0
Loans received	6	0	55,545	0	3,550
Repayments of loans received	6	-148,779	-19,558	-9,509	-1,250
Payments of finance lease principal	6	0	-4,565	0	-292
Net cash used in financing activities		-145,336	31,422	-9,289	2,008
NET CASH FLOWS		165,546	54,982	10,580	3,516
Change in cash and cash equivalents		165,546	54,982	10,580	3,516
Cash and cash equivalents at beginning of the year		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		453,130	286,067	28,960	18,283

Consolidated statement of changes in equity

Equity attributable to equity holders of the parent

(In thousands of Estonian kroons)

	Note	Share capital	Share premium	Statutory reserve capital	Translation differences	Accumulated losses	Total	Minority 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		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
At 31 December 2009		1,510,000	227,273	37,759	390	-545,450	1,229,972	63,768	1,293,740
Total comprehensive income for the period		0	0	0	11,189	17,885	29,074	-682	28,392
Share options		0	0	0	0	228	228	0	228
Issue of share capital	7	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

Equity attributable to equity holders of the parent

(In thousands of euro)

	Note	Share capital	Share premium	Statutory reserve capital	Translation differences	Accumulated losses	Total	Minority 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		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
At 31 December 2009		96,507	14,525	2,413	25	-34,861	78,609	4,076	82,685
Total comprehensive income for the period		0	0	0	715	1,143	1,858	-44	1,814
Share options		0	0	0	0	15	15	0	15
Issue of share capital	7	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

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 of and for the three months ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the “Group”).

The complete audited consolidated financial statements of the Group as of 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.

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 28 February 2011.

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 of 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”.

Changes in comparatives due to reclassification:

Consolidated interim statement of comprehensive income

(In thousands of Estonian kroons)	2009	2009 restated	Change
Depreciation, amortisation and impairment losses	-325,636	-377,756	-52,120
Other expenses	-120,124	-68,004	52,120

(In thousands of euro)	2009	2009 restated	Change
Depreciation, amortisation and impairment losses	-20,812	-24,143	-3,331
Other expenses	-7,677	-4,346	3,331

Analysis of income and expenses of discontinued operations

(In thousands of Estonian kroons)	2009	2009 restated	Change
Depreciation, amortisation and impairment losses	-29,283	-29,283	0
Impairment of tangible assets	-149,202	-149,758	-556
Other expenses	-2,708	-2,152	556

(In thousands of euro)	2009	2009 restated	Change
Depreciation, amortisation and impairment losses	-1,872	-1,872	0
Impairment of tangible assets	-9,536	-9,571	-35
Other expenses	-173	-138	35

Consolidated interim statement of cash flows

(In thousands of Estonian kroons)	2009	2009 restated	Change
Depreciation, amortisation and impairment losses	504,121	556,797	52,676
Loss on the sale of tangible and intangible assets	98,924	46,741	-52,183
Change in receivables and prepayments related to operating activities	68,041	67,548	-493

(In thousands of euro)	2009	2009 restated	Change
Depreciation, amortisation and impairment losses	32,219	35,586	3,367
Loss on the sale of tangible and intangible assets	6,323	2,987	-3,336
Change in receivables and prepayments related to operating activities	4,350	4,319	-31

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)

	Q4 2010	Q4 2009	2010	2009
Revenue and income				
Income from gaming transactions	0	0	0	94,522
Sales revenue	0	0	0	7,738
Other income	0	147	0	2,717
Total revenue and income	0	147	0	104,977
Expenses				
Cost of materials, goods and services used	0	0	0	-3,587
Other operating expenses	0	-558	0	-71,940
Personnel expenses	0	-232	0	-30,555
Depreciation, amortisation and impairment losses	0	0	0	-179,041
Write-off of goodwill	0	0	0	-32,769
Other expenses	0	-292	0	-2,152
Total expenses	0	-1,082	0	-320,044
Operating loss	0	-935	0	-215,067
Interest income	0	0	0	39
Foreign exchange gain/ losses	0	32,709	0	32,284
Total financing income and expenses	0	32,709	0	32,323
Profit (loss) before tax	0	31,774	0	-182,744
Income tax	0	0	0	0
PROFIT (LOSS) AFTER TAX OF DISCONTINUED OPERATIONS FOR THE PERIOD	0	31,774	0	-182,744

Analysis of income and expenses of discontinued operations

(In thousands of euro)

	Q4 2010	Q4 2009	2010	2009
Revenue and income				
Income from gaming transactions	0	0	0	6,041
Sales revenue	0	0	0	495
Other income	0	9	0	174
Total revenue and income	0	9	0	6,710
Expenses				
Cost of materials, goods and services used	0	0	0	-229
Other operating expenses	0	-36	0	-4,597
Personnel expenses	0	-15	0	-1,953
Depreciation, amortisation and impairment losses	0	0	0	-11,443
Write-off of goodwill	0	0	0	-2,094
Other expenses	0	-17	0	-138
Total expenses	0	-68	0	-20,454
Operating loss	0	-59	0	-13,744
Interest income	0	0	0	2
Foreign exchange gain/ losses	0	2,090	0	2,063
Total financing income and expenses	0	2,090	0	2,065
Profit (loss) before tax	0	2,031	0	-11,679
Income tax	0	0	0	0
PROFIT (LOSS) AFTER TAX OF DISCONTINUED OPERATIONS FOR THE PERIOD	0	2,031	0	-11,679

Cash flows of discontinued operations

	(In thousands of Estonian kroons)		(In thousands of euro)	
	2010	2009	2010	2009
Net cash used operating activities	0	-7,018	0	-448
Net cash used in investing activities	0	-900	0	-58
Net cash flows	0	-7,918	0	-506

Note 3. Investment property

(In thousands of Estonian kroons)	Land	Buildings	Total
At 31 December 2009	22,308	1,350	23,658
Disposals	-970	0	-970
Impairment	0	-558	-558
At 31 December 2010	21,338	792	22,130

(In thousands of euro)	Land	Buildings	Total
At 31 December 2009	1,425	87	1,512
Disposals	-62	0	-62
Impairment	0	-36	-36
At 31 December 2010	1,363	51	1,414

Note 4. Property, plant and equipment

(In thousands of Estonian kroons)	Land and buildings	Renovation expenditures	Plant and equipment	Other PP&E	Under construction	Total
At 31 December 2009	8,931	259,161	416,431	43,747	5,487	733,757
Additions	0	12,154	41,394	1,042	13,821	68,411
Impairment	0	-4,689	0	0	0	-4,689
Returned leased assets (Note 6)	0	0	-14,494	0	0	-14,494
Fixed assets classified as for selling	-3,303	0	0	0	0	-3,303
Reclassification	0	3,412	2,236	312	-5,960	0
Disposals	0	-8,260	-4,162	-2,514	0	-14,936
Depreciation for the period	-759	-64,024	-172,255	-16,721	0	-253,759
Effect of movements in exchange rates	34	2,124	5,331	-55	26	7,460
At 31 December 2010	4,903	199,878	274,481	25,811	13,374	518,447

(In thousands of euro)	Land and buildings	Renovation expenditures	Plant and equipment	Other PP&E	Under construction	Total
At 31 December 2009	570	16,564	26,615	2,796	351	46,896
Additions	0	777	2,645	67	883	4,372
Impairment	0	-300	0	0	0	-300
Returned leased assets (Note 6)	0	0	-927	0	0	-927
Fixed assets classified as for selling	-211	0	0	0	0	-211
Reclassification	0	218	143	20	-381	0
Disposals	0	-528	-266	-161	0	-955
Depreciation for the period	-48	-4,092	-11,009	-1,069	0	-16,218
Effect of movements in exchange rates	2	136	341	-3	2	478
At 31 December 2010	313	12,775	17,542	1,650	855	33,135

Note 5. Intangible assets

(In thousands of Estonian kroons)	Goodwill	Software and licenses	Total
At 31 December 2009	430,684	20,094	450,778
Additions	0	10,528	10,528
Disposals	0	-1,127	-1,127
Depreciation for the period	0	-8,785	-8,785
Effect of movements in exchange rates	4,290	-960	3,330
At 31 December 2010	434,974	19,750	454,724

(In thousands of euro)	Goodwill	Software and licenses	Total
At 31 December 2009	27,526	1,284	28,810
Additions	0	673	673
Disposals	0	-72	-72
Depreciation for the period	0	-561	-561
Effect of movements in exchange rates	274	-62	212
At 31 December 2010	27,800	1,262	29,062

Note 6. Borrowings

Finance lease liabilities

	(In thousands of Estonian kroons)		(In thousands of euro)	
	31.12.2010	31.12.2009	31.12.2010	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	0	-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)	
	31.12.2010	31.12.2009	31.12.2010	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	-148,779	-19,558	-9,509	-1,250
Loan liabilities at end of period	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

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)	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Other borrowings	211	7	14	0
Total	211	7	14	0

Note 7. Share capital

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%.

The extraordinary meeting of shareholders held on 25 August 2010 voted for the increase of share capital by 4,503,840 kroons (287,848 euros) by issuing 450,384 new ordinary shares. The period of subscribing the shares was from 26 August 2010 to 31 August 2010. In total 329,505 or 73.2% from offered shares were subscribed. After the increase of share capital, the share capital of OEG is 1,513,295,050 kroons (EUR 96,717,181) and number of shares is 151,329,505. The shares have been paid for by monetary contribution, 11.18 kroons (0.72 euros) per share - the nominal value of the released shares 10 kroons (0.64 euros) and the issue premium 1.18 kroons (0.08 euros).

Basic earnings (loss) per share have been calculated by dividing the net profit (loss) attributable to equity holders of the parent for the period by number of shares. For calculating the weighted average number of shares, 01 January until 13 September 2010 151,000,000 and 14 September until 31 December 2010 151,329,505 are used as the basis (9 months 2009: 151,000,000).

	Q4 2010	Q4 2009	2010	2009
Profit (loss) for the period (in thousands of Estonian kroons)	661	-73,019	17,885	-513,069
Weighted average number of shares outstanding (in thousands)	151,329	151,000	151,098	151,000
Basic earnings (loss) per share (in Estonian kroons)	0.004	-0.48	0.12	-3.40
Diluted earnings (loss) per share (in Estonian kroons)	0.004	-0.48	0.12	-3.40

	Q4 2010	Q4 2009	2010	2009
Profit (loss) for the period (in thousands of euro)	43	-4,666	1,143	-32,792
Weighted average number of shares outstanding (in thousands)	151,329	151,000	151,098	151,000
Basic earnings (loss) per share (in euro)	0.0003	-0.03	0.01	-0.22
Diluted earnings (loss) per share (in euro)	0.0003	-0.03	0.01	-0.22

Note 8. 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 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.

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).

Geographical segments

Continuing operations

(in thousands of Estonian kroons)

	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Consolidated	
	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009
Sales revenue	116,651	103,259	113,192	89,666	68,506	65,581	14,946	11,921	123,151	106,826	2,650	14,329	39,830	31,431	478,926	423,013
Inter-segment sales revenue	-922	-1,501	-231	-2,185	-41	-65	0	0	-47	0	-153	0	0	0	-1,394	-3,751
Sales revenue from external customers	115,729	101,758	112,961	87,481	68,465	65,516	14,946	11,921	123,104	106,826	2,497	14,329	39,830	31,431	477,532	419,262
Other external income	859	870	3,046	1,680	15	0	320	56	372	1,173	291	433	2,441	0	7,344	4,212
Total revenue	116,588	102,628	116,007	89,161	68,480	65,516	15,266	11,977	123,476	107,999	2,788	14,762	42,271	31,431	484,876	423,474
Total expenses	-106,528	-154,634	-82,393	-88,103	-67,027	-94,600	-13,388	-12,676	-134,753	-110,232	-25,059	-49,610	-39,534	-28,178	-468,682	-538,033
incl depreciation, amortisation and impairment	-16,882	-48,905	-16,143	-22,222	-10,423	-34,933	-3,370	-3,352	-17,663	-5,697	-2,896	-3,759	-3,692	-3,180	-71,069	-122,048
Operating profit (loss)	10,060	-52,006	33,614	1,058	1,453	-29,084	1,878	-699	-11,277	-2,233	-22,271	-34,848	2,737	3,253	16,194	-114,559
Net financial items															-132	-2,013
Income tax expense															-17,499	10,269
Net profit (loss) for the period															-1,437	-106,303

Continuing operations

(in thousands of Estonian kroons)

	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales 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-segment sales revenue	-3,308	-7,510	-1,242	-3,669	-87	-65	0	0	-189	-116	-173	0	0	0	-4,999	-11,360
Sales revenue from external customers	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 income	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
Total 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, amortisation and impairment	-69,639	-118,447	-64,704	-97,288	-36,527	-69,902	-13,917	-14,127	-69,301	-52,405	-13,456	-32,206	-13,524	-12,783	-281,068	-397,158
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
Net financial items															-6,552	-7,572
Income tax expense															-25,309	11,978
Net profit (loss) for the period															17,203	-332,491

Geographical segments

Continuing operations

(in thousands of euro)

	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Consolidated	
	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009	Q4 2010	Q4 2009
Sales revenue	7,456	6,599	7,234	5,731	4,379	4,191	955	762	7,871	6,828	169	916	2,546	2,009	30,610	27,036
Inter-segment sales revenue	-59	-96	-15	-140	-3	-4	0	0	-3	0	-10	0	0	0	-90	-240
Sales revenue from external customers	7,397	6,503	7,219	5,591	4,376	4,187	955	762	7,868	6,828	159	916	2,546	2,009	30,520	26,796
Other external income	55	56	194	107	1	0	20	3	24	75	19	28	156	0	469	269
Total revenue	7,452	6,559	7,413	5,698	4,377	4,187	975	765	7,892	6,903	178	944	2,702	2,009	30,989	27,065
Total expenses	-6,808	-9,883	-5,266	-5,631	-4,284	-6,046	-856	-810	-8,612	-7,045	-1,601	-3,171	-2,527	-1,801	-29,954	-34,387
incl depreciation, amortisation and impairment	-1,079	-3,126	-1,032	-1,420	-666	-2,233	-216	-214	-1,129	-364	-185	-240	-236	-203	-4,543	-7,800
Operating profit (loss)	644	-3,324	2,147	67	93	-1,859	119	-45	-720	-142	-1,423	-2,227	175	208	1,035	-7,322
Net financial items																-8
Income tax expense																-1,118
Net profit (loss) for the period																-91

Continuing operations

(in thousands of euro)

	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales 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-segment sales revenue	-211	-480	-79	-234	-6	-4	0	0	-12	-7	-11	0	0	0	-319	-725
Sales revenue from external customers	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 income	280	165	310	256	3	1	72	8	89	178	139	110	156	2	1,049	720
Total 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, amortisation and impairment	-4,451	-7,570	-4,135	-6,218	-2,335	-4,468	-890	-903	-4,429	-3,349	-860	-2,058	-864	-817	-17,964	-25,383
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
Net financial items																-419
Income tax expense																-1,618
Net profit (loss) for the period																1,099

Note 9. 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 during the reporting period:

		(In thousands of Estonian kroons)		(In thousands of euro)	
		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.

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

The extraordinary meeting of shareholders held on 25 August 2010 voted for the increase of share capital by 4,503,840 kroons (287,848 euros) by issuing 450,384 new ordinary shares. The period of subscribing the shares was from 26 August 2010 to 31 August 2010. In total 98,973 or 22.0% from offered shares were subscribed by related parties (see Note 7).

Management Board`s confirmation of the consolidated interim financial statements for the 12 months and 4rd 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 12 months of 2010, presented on pages 4 to 30, and confirms that to the best of its knowledge, information and belief that:

- the Management 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.



Indrek Jürgenson
Member of the Board

28 February 2011



Madis Jääger
Member of the Board