Olympic Entertainment Group AS

Consolidated Annual Report 2009

(translation of the Estonian original)

Business name	Olympic Entertainment Group AS
Registration number	10592898
Address	Pronksi 19, Tallinn 10124
Telephone	+372 6 671 250
Fax	+372 6 671 270
E-mail	info@oc.eu
Corporate website	www.olympic-casino.com
Core activity	Provision of gaming services
Beginning of financial year	1 January 2009
End of financial year	31 December 2009
Auditor	PricewaterhouseCoopers AS

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Letter from Chairman of the Supervisory Board

I am convinced that only the fastest, the most flexible and at the same time the bravest can survive the rapid changes seen in the global gambling industry during the last two years.

In a time of cutbacks and savings a viable company with a strong vision must have the courage to make the right decisions and also not to make the only apparently right decisions. Actually, in spite of the rapid declining trend, these two years have equipped sustainable organisations with the means to lay the groundwork for a new growth – and not only in the gaming industry.

For Olympic Entertainment Group the year 2009 was in its own way a logical continuation of the previous year. The main keywords were the continuation and completion of the large-scale optimisation and restructuring plan for the group. Although in our review of the last year we cannot state that there will not be any additional reorganisations in the following years, I would like to state here that we have successfully completed the plans we made during these two years. Any further developments – whether the closing of some gaming sites or opening new ones – will be part of positive normal operations, not an extraordinary rapid response to the demands of an abruptly altered environment.

Although to a large extent the structural changes of OEG were related to closing unprofitable units, we have never all through the declining period ceased to look forward and make the necessary investments to ensure our position. Thus in the first half of 2009 we have launched a concept that created spacious lounge areas in Olympic Casinos to provide additional possibilities for our customers to spend their leisure time comfortably.

We have also opened a number of new casinos, the most important of which is undoubtedly Olympic Casino Bora Bora – our flagship casino in Romania, opened in Bucharest. In Slovakia we have opened another casino as well in the city of Trnava.
Among the development activities carried out in 2009 I would like to underline the development area that is relatively little used by land-based casinos on the global scale: preparations to enter the online gambling market. I am convinced that it is a wise move for strong land-based trademarks to enter the Internet. The main keywords in casino entertainment are trustworthiness, recognition and excellent service.
These are the strengths that any successful land-based operator can utilise on the web-based gaming market as well.

Up to now the lack of a proper legislative regulation has constituted an important obstacle. This is also the reason why OEG as a publicly traded company was unable to take any specific steps until legislators created the properly defined groundwork for it. In Estonia the gambling act section concerning online gambling came into force in the beginning of 2010 and it has created a sufficient regulatory environment for us to make our opening pitch in the new domain.
The new plan to start providing web-based games does not change the prior OEG strategy of expanding to new markets. We are also monitoring the situation on the gambling market in many countries and are ready to make new investments in the case of a suitable opportunity.

Although there is little cause for rejoicing if you concentrate solely on the figures and OEG has finished the year 2009 with a loss amounting to 32.9 million EUR, we must still notice the positive as well. A large part of the losses constitutes of single occurrences caused by revaluations and deductions.
The illusions created by the economic boom years have disappeared and the general picture is clear and bright.
The organisation has been able to behave with sufficient self-criticism and become even more effective. This is clearly demonstrated by the fact that we have managed to increase our market share on our operating markets, meaning that we have adapted to changed circumstances more flexibly than our competitors and have been able to offer more to our customers even in difficult times. Our team has also become stronger, because hard times reveal clearly the motivation, capabilities and the faith in the future that people possess.

Olympic Entertainment Group is now essentially much stronger than some years ago and our aim is to convert this strength into shareholder satisfaction in the coming years.

Armin Karu
Olympic Entertainment Group
Chairman of the Supervisory Board

Management report

Corporate profile

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

Olympic Entertainment Group AS is the Group's ultimate holding company, organising the strategic control and financing of the Group. The operations of local casinos are controlled by local subsidiaries which include Olympic Casino Estonia AS in Estonia, Olympic Casino Latvia SIA in Latvia, Olympic Casino Group Baltija UAB in Lithuania, 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. The Group's non-core activities, such as managing casino bars in Estonia, Latvia, Lithuania, Romania and Slovakia, and managing a hotel in Tallinn, are separated from casino operations and performed by corresponding specialised legal persons.

Group entities include:

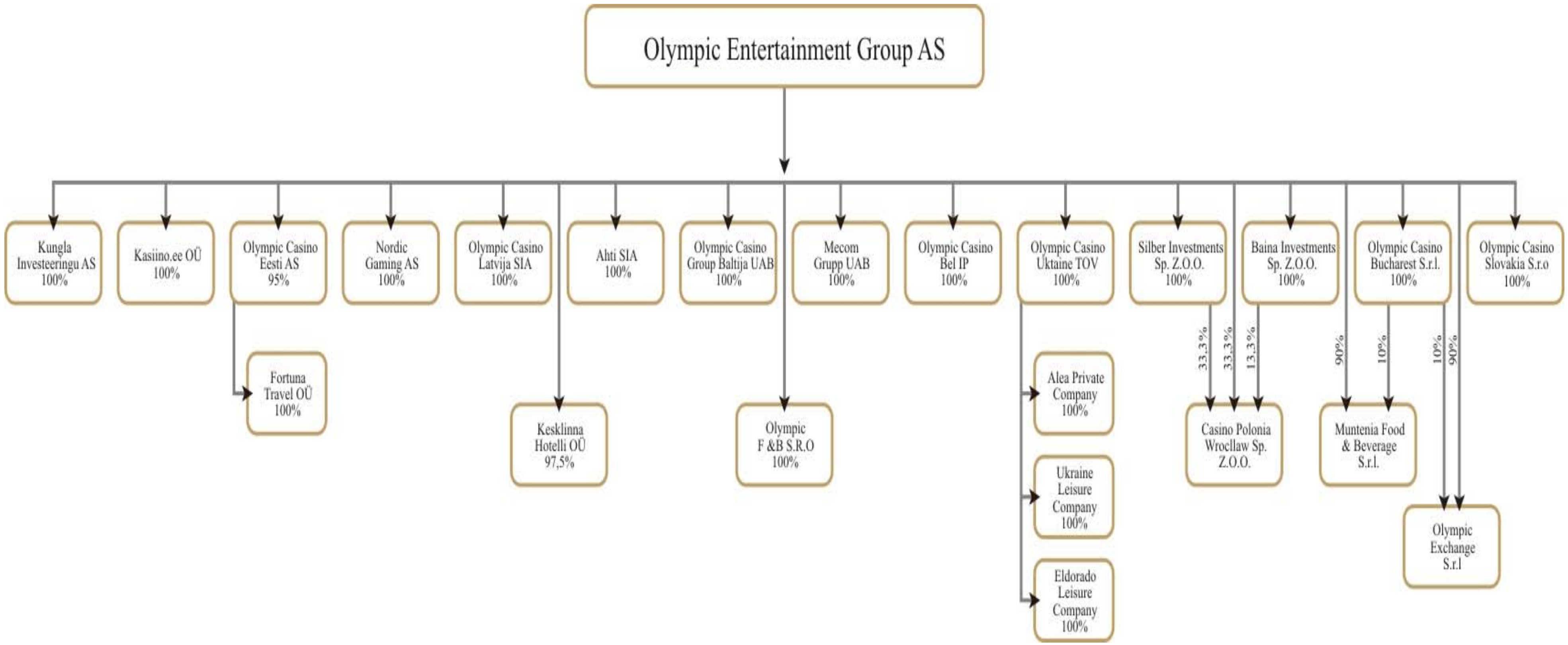
		Ownership interest		Area of activity
	Domicile	31.12.09	31.12.08	
Olympic Casino Estonia AS	Estonia	95%	95%	Orgnisation of gaming
Nordic Gaming AS	Estonia	100%	100%	Holding activities
Kungla Investeeringu AS	Estonia	100%	100%	Hotel services, catering
Fortuna Travel OÜ	Estonia	95%	95%	Casino tourism
Kasiino.ee OÜ	Estonia	100%	100%	Internet solutions
Jokker-Pokker OÜ	Estonia	0%	95%	Liquidated
Casinova OÜ	Estonia	0%	100%	Liquidated
Kesklinna Hotelli OÜ	Estonia	97.5%	97.5%	Hotel services
Olympic Casino Latvia SIA	Latvia	100%	100%	Orgnisation of gaming
Ahti SIA	Latvia	100%	100%	Bar services
Olympic Casino Group Baltija UAB	Lithuania	100%	100%	Orgnisation of gaming
Mecom Grupp UAB	Lithuania	100%	100%	Bar services
Olympic Casino Bel IP	Belarus	100%	100%	Orgnisation of gaming
Olympic Casino Ukraine TOV	Ukraine	100%	100%	Bankrupt
Alea Private Company	Ukraine	100%	100%	Bankrupt
Eldorado Leisure Company	Ukraine	100%	100%	Bankrupt
Ukraine Leisure Company	Ukraine	100%	100%	Bankrupt
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%	Orgnisation of gaming
Olympic Casino Bucharest S.r.l.	Romania	100%	100%	Orgnisation of gaming
Muntenia Food Beverage S.r.l	Romania	100%	100%	Bar services
Olympic Exchange S.r.l	Romania	100%	100%	Foreign exchange services
Olympic Casino Slovakia S.r.o	Slovakia	100%	100%	Orgnisation of gaming
Olympic F & B S.r.o.	Slovakia	100%	100%	Bar services

The Group operates slot and table casinos as well as casino bars at most of the casinos of its subsidiaries. At 31 December 2009, the Group had a total of 66 casinos: 18 in Estonia, 21 Latvia, 10 Lithuania, 5 in Belarus, 8 in Poland, 2 in Romania and 2 in Slovakia. The Group employed 2,348 employees in 7 countries.

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

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

The Group`s structure at 31 December 2009



Key performance indicators

	2009	2008	2007
Income statement and balance sheet indicators, discontinued and continuing operations combined			
Revenue (in millions of kroons)	1,807.5	2,806.1	2,517.4
Increase in revenue	-35.6%	11.5%	50.9%
EBITDA (in millions of kroons)	4.3	391.7	688.3
Operating profit/loss (in millions of kroons)	-552	-194.0	431.5
Net profit/loss (in millions of kroons)	-515.2	-454.6	380.7
EBITDA margin	0.2%	14.0%	27.3%
Operating margin	-30.5%	-6.9%	17.1%
Net margin	-32.9%	-16.2%	15.1%
Equity ratio	72.8%	76.7%	86.4%
ROA	-24.6%	-17.8%	15.2%
ROE	-32.7	-21.7%	17.2%
Other indicators			
Number of casinos at year-end	66	133	122
Casino area (m²) at year-end	25,745	38,877	33,828
Number of employees at year-end	2,348	3,924	4,004

EUR 1 = EEK 15.6466

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

Overview of the Group’s business environment, key events and developments in 2009

In 2009, the Group's results of operations were primarily impacted by a recession in all of its markets and the related change in the habits of consumers of casino entertainment. The Estonian segment was also impacted by the requirement established for gaming organisers to register all casino clients from 1 January 2009.

The Group’s main emphasis in 2009 was to adapt to changed market conditions. In 2009, the gaming market decreased by 52% in Estonia, 33% in Latvia and 39% in Lithuania as compared to the year 2008.

- During the year, a restructuring and optimisation programme was implemented at the Group, during the course of which a total of 45 casinos were closed (excl. Ukraine): 18 in Estonia, 12 in Latvia, 7 in Lithuania, 1 in Poland and 7 in Romania.

- During the year 2009, the number of employees in continuing operations was reduced by 872 people or 27%. In the first quarter of 2009, employee wages and salaries were reduced by 20%.

- During the year, OEG Group incurred one-off costs in the amount of 190.5 million kroons (12.2 million euros). This amount included costs related to the closing of casinos in the amount of 74.1 million kroons (4.7 million euros), casino opening costs not subject to capitalisation in the amount of 11.1 million kroons (0.7 million euros), and losses related to liquidation and write-down of non-current assets in the amount of 105.3 million kroons (6.7 million euros).

- The optimisation activities carried out during 2009 are expected to result in cost savings of 660.8 million kroons (42.2 million euros), i.e. 32.4% of operating expenses from continuing operations in 2009.

- The Group has managed to maintain a stable revenue level despite negative developments in its markets and the closing of 40% or 45 casinos in continuing operations. The Group's EBITDA from ordinary operations has been positive in each quarter of the current year, totalling 198.0 million kroons (12.7 million euros), including 81.1 million kroons (5.2 million euros) in the last quarter of the year.

- The results of the Group in 2009 are significantly influenced by developments in the Ukrainian gaming market. Due to the fact that the activities of casinos were terminated and licences of all casino companies were cancelled for an indefinite time in Ukraine, the Group decided to liquidate the operations in Ukraine. The related impairment losses of assets accounted to 182.0 million kroons (11.6 million euros). The aforementioned amount is included in the item Net profit (loss) of the discontinued operations for the period. The Group has submitted to the state of Ukraine a claim for compensation for investments based on the agreement for the promotion and reciprocal protection of investments, entered into between the Government of the Republic of Estonia and Ukraine.

- The Group modified significantly its casino entertainment concept in 2009 by transforming most casinos that it operates into casino lounges. As a result of these changes, casinos have a wider floor area where customers can spend leisure time without gaming. In addition, the range of products on offer in casino bars was expanded.

- In autumn 2009, Group decided to enter to online gaming market. For providing online services, Group has signed a partnership agreement with Playtech, the world's leading developer of online gaming technology. On 10th February 2010, Group launched first legal online casino and poker room in Estonia on website Olympic-Online.com. New online environment offers more than 150 different casino games and a possibility to play in the world's largest poker network iPoker.

Consolidated financial results

Revenue, expenses and profit

External revenue by segments
Continuing operations

(EEK '000)

	2009	**Change**	**Percentage of total**	**2008**	**Change**	**Percentage of total**	**2007**	**Change**
Estonia	391,706	-47.20%	23.00%	741,824	-14.30%	30.10%	865,977	29.00%
Latvia	366,601	-44.00%	21.50%	655,053	-5.40%	26.50%	692,758	35.50%
Lithuania	290,054	-30.10%	17.00%	415,393	-11.70%	16.80%	470,480	20.80%
Belarus	42,592	23.90%	2.50%	34,364	172.40%	1.40%	12,617	652.80%
Poland	443,472	-19.20%	26.00%	548,971	102.70%	22.20%	270,839	-
Romania	56,166	42.80%	3.30%	39,341	129.90%	1.60%	17,114	-
Slovakia	111,893	240.20%	6.70%	32,888	-	1.40%	-	-
Total	**1,702,484**	**-31.00%**	**100%**	**2,467,834**	**5. 90%**	**100%**	**2,329,785**	**48. 00%**

EUR 1 = EEK 15.6466

In 2009, the Group's consolidated operating income from continuing operations totalled 1,702.5 million kroons (108.8 million euros), which is 31.0% less than the total revenue of 2,467.8 million kroons (157.7 million euros) earned in 2008.

In 2009 and 2008, gaming operations and other income accounted for 93% and 7% of the Group's consolidated revenue, respectively.

At the year-end 2009, the Group had 66 casinos, with the total area of 25,745 m². At the end of 2008, the number of the Group's casinos was 109, and their total area was 31,989 m². During the current year, 1 casino was opened in Lithuania and 1 in Slovakia, and a total of 45 casinos were closed: 18 in Estonia, 12 in Latvia, 7 in Lithuania, 7 in Romania and 1 in Poland.

Number of casinos by segments
Continuing operations

	2009	2008	2007
Estonia	18	36	35
Latvia	21	33	38
Lithuania	10	16	15
Belarus	5	5	4
Poland	8	9	8
Romania	2	9	3
Slovakia	2	1	-
Total	**66**	**109**	**103**

In 2009, the Group's consolidated expenses before depreciation from continuing operations decreased by 19.8% or 419.4 million kroons (26.8 million euros) as compared to 2008. Personnel expenses decreased the most as compared to 2008, by 30.7% or 235.2 million kroons (15.0 million euros); marketing expenses decreased by 42.5% or 94.0 million kroons (6.0 million euros) and gaming taxes decreased by 16.2% or 75.7 million kroons (4.8 million euros).

The major part of the Group's operating expenses before depreciation comprise personnel expenses with social security taxes in the amount of 529.9 million kroons (33.9 million euros), followed by gaming tax expenses of 390.8 million kroons (25.0 million euros), rental expenses of 227.1 million kroons (14.5 million euros) and marketing expenses of 127.2 million kroons (8.1 million euros). In 2009, the consolidated operating expenses of the Group include expenses related to the opening of casinos not subject to capitalisation in the amount of 11.1 million kroons (0.7 million euros), expenses related to the closing of casinos and reduction of the number of employees in the amount of 74.1 million kroons (4.7 million euros), and the (net) expenses related to impairment and sale of non-current assets in the amount of 105.3 million kroons (6.7 million euros). Of the expenses related to the casinos closed in 2009, 84.2 million kroons (5.4 million euros) were included in the expenses of the last half of 2008.

In 2009, the Group's operating loss amounted to 336.9 million kroons (21.5 million euros); in 2008, the operating loss amounted to 115.6 million kroons (7.4 million euros).

The consolidated net profit, including discontinued operations (the Ukrainian segment), was 515.2 million kroons (32.9 million euros), of which 187.1 million kroons (12.0 million euros) related to the asset impairment expenses in conjunction with the liquidation of the Ukrainian subsidiaries. In 2008, the net loss was 454.6 million kroons (29.1 million euros).

The management of the Group has revised its estimations regarding the intra Group loan contracts in preparing consolidated interim financial results of 2009, as the intra Group loans will not be settled in the foreseeable future. Consequently, the exchange differences will be recognised directly in the separate component of equity.

Overview by markets

Estonian segment

In 2009, the segment`s external revenue amounted to 391.7 million kroons (25.0 million euros), including gaming revenue of 353.1 million kroons (22.6 million euros). In 2009, the segment's external revenue declined by 47.2% as compared to the same period last year. The Estonian gaming market declined by 51.5% as compared to the previous year. In 2009, the market share of Olympic Casino Estonia AS in the Estonian gaming market increased by 3.5 percentage points, to almost 49%.

In 2009, the operating loss in the Estonian segment totalled 126.8 million kroons (8.1 million euros). In 2008, the Estonian segment's operating profit totalled 61.4 million kroons (3.9 million euros). In 2009, the Estonian segment's one-off costs totalled 60.8 million kroons (3.9 million euros) and in 2008, 31.5 million kroons (2.0 million euros).

During 2009, a total of 18 casinos were closed in Estonia. As at 31 December, there were 18 Olympic casinos with a total of 557 slot machines and 22 game tables.

At 1 January 2009, the new Gambling Act was approved in Estonia, enforcing greater restrictions on gaming operators. The key changes were stricter requirements for gaming inventory and the minimum number of slot machines per casino increased from previous eight to twenty. From 1 January 2010, additional provisions of the Gambling Act were entered into force, increasing the minimum number of slot machines to forty per casino. The Management Board of the Group considers the effect of law amendments as a positive event for possible market consolidation and the related increase in efficiency.

In 2009, the external revenue of Kungla Investeeringute AS decreased by 36.7% to 32.4 million kroons (2.1 million euros), of which the sales of hotel services constituted 17.4 million kroons (1.1 million euros). In 2009, the external operating profit of Kungla Investeeringute AS 2009 totalled 51.2 million kroons (3.3 million euros), of which the sales of hotel services constituted 26.7 million kroons (1.7 million euros).

In 2009, the average occupancy rate of the hotels in Tallinn was 46.9% (2008: 53.0%), whereas the average occupancy rate of Park Hotel & Casino was 38.8% in 2009 (2008: 46.1%). In 2009, the accommodation facilities in Tallinn earned 21% less revenue in 2009 than in 2008. The average price decline in the room rates of the hotel in Tallinn was 11%. The low occupancy rates of hotels and the low average price is related to the continuous oversupply of rooms, the negative effect of which is also magnified by shrinking demand in the last couple of years.

In 2009, the share of visitors from neighbouring countries at the hotels of Tallinn increased, the share of visitors from Finland increased by 4.9% as compared to 2008 and that of Russia, by 11.1%. The shares of visitors from all other countries decreased as compared to 2008, including Germany -21.4%, Sweden -12.7%, Norway -10.1% and Great Britain -32.1%. The number of domestic visitors has also fallen. As compared to 2008, the number of domestic visitors fell by 25% in Tallinn.

Latvian segment

In 2009, the external revenue of the Latvian segment totalled 366.6 million kroons (23.4 million euros), of which gaming revenue constituted 334.2 million kroons (21.4 million euros) and other revenue, 32.4 million kroons (2.1 million euros). External revenue decreased by 44.0% as compared to the previous year.

The Latvian segment`s external operating loss amounted to 39.5 million kroons (2.5 million euros). The external operating profit in 2008 amounted to 29.5 million kroons (1.9 million euros). In 2009, one-off costs had a negative impact of 37.1 million kroons (2.4 million euros) on the results of the Latvian segment and in 2008, 37.0 million kroons (2.4 million euros).

During the current year, 12 casinos were closed in Latvia. At 31 December, the Latvian segment operated 21 casinos, with a total of 648 slot machines and 23 gaming tables.

Lithuanian segment

In 2009, the external revenue of the Lithuanian segment amounted to 290.1 million kroons (18.5 million euros), of which gaming revenue totalled 272.6 million kroons (17.4 million euros) and other revenue, 17.5 million kroons (1.1 million euros). The operating income of the Lithuanian segment decreased by 30.1% as compared to the previous year; the decline in the gaming market in the comparative period was 39%.

The operating loss in the Lithuanian segment was 38.8 million kroons (2.5 million euros). In 2008, the operating profit was 21.6 million kroons (1.4 million euros). One-off costs in the amount of 37.2 million kroons (2.4 million euros) had a negative impact on the results of operations in the Lithuanian segment and in 2008, 26.3 million kroons (1.7 million euros).

In 2009, 1 casino was opened and 7 casinos were closed in Lithuania. At the year-end, 10 casinos operated in Lithuania, with a total of 356 slot machines and 50 gaming tables.

Belarusian segment

Olympic Casino Bel IP operated five casinos with a total of 261 slot machines in Minsk.

In 2009, revenue increased by 23.9% as compared to the previous year and amounted to 42.6 million kroons (2.7 million euros). In the comparable period, the revenue in the Belarusian segment in rubles increased 1.6 times. The operating loss for 2009 totalled 8.9 million kroons (0.6 million euros). In 2008, the operating revenue totalled 34.4 million kroons (2.2 million euros) and the net operating loss totalled 16.9 million kroons (1.1 million euros).

Polish segment

In 2009, the external revenue of Polish segment totalled 443.5 million kroons (28.3 million euros), contributing 26.1% or the most to the consolidated revenue. Revenue in Estonian kroons declined by 19.2% as compared to the same period of the previous year but the revenue increase in Polish zloty was 7.0%. The net operating loss of the Polish segment was 27.9 million kroons (1.8 million euros), the net operating loss for 2008 was 48.9 million kroons (3.1 million euros).

In 2009, the one-off costs of the Polish segment totalled 5.3 million kroons (0.3 million euros) and in 2008, 16.6 million kroons (1.1 million euros).

At the year-end, the Group operated 8 casinos, 383 slot machines and 58 gaming tables in Poland.

Romanian segment

The Romanian segment finished the year 2009 with revenue of 56.2 million kroons (3.6 million euros), which is 42.8% more than last year (2008: 39.3 million kroons (2.5 million euros). The operating loss for 2009, was 99.3 million kroons (6.3 million euros). The operating loss for 2008 was 134.8 million kroons (8.6 million euros). The impact of one-off costs on the results of operations of the Romanian segment was 49.4 million kroons (3.2 million euros), in 2008, 78.8 million kroons (5.0 million euros).

During the year 2009, 7 casinos were closed in Romania and a flagship casino closed for renovations was reopened. At the year-end, the Group operated 13 gaming tables and 88 slot machines in 2 casinos in Romania.

Slovakian segment

In June 2008, the Group opened its first casino in Slovakia`s capital Bratislava. In January 2009, a second casino was opened Trnava, Slovakia. At the year-end, the Group operated 20 gaming tables and 95 slot machines in Slovakia.

The Slovakian segment finished the year 2009 with revenue of 111.9 million kroons (7.2 million euros), which is 240.2% higher than in 2008. In 2009, the operating profit was 4.2 million kroons (0.3 million euros). In 2008, revenue totalled 32.9 million kroons (2.1 million euros) and the operating loss was 24.9 million kroons (1.6 million euros). In 2009, one-off costs reduced the profit of the Slovakian segment by 0.4 million kroons (0.03 million euros) and in 2008, by 8.1 million kroons (0.5 million euros).

Balance sheet

At 31 December 2009, the consolidated balance sheet total of Olympic Entertainment Group AS totalled 1,776.0 million kroons (113.5 million euros) (31 December 2008: 2,403.6 million kroons (153.6 million euros)). The balance sheet total decreased by 26.1% in a year.

Current assets accounted for 469.0 million kroons (30.0 million euros) or 26.4% of total assets and non-current assets for 1,307.0 million kroons (83.5 million euros) or 73.6% of total assets. Intangible assets accounted for 450.8 million kroons (28.8 million euros) or 34.5% of non-current assets.

At the balance sheet date, consolidated liabilities totalled 482.3 million kroons (30.8 million euros) and consolidated equity amounted to 1,293.7 million kroons (82.7 million euros). The largest liability items included borrowings of 309.2 million kroons (19.8 million euros), trade payables of 44.8 million kroons (2.9 million euros) and tax commitments of 53.7 million kroons (3.4 million euros).

Investments

In 2009, the Group`s expenditures on property, plant and equipment totalled 66.3 million kroons (4.2 million euros), including 17.8 million kroons (1.1 million euros) on gaming equipment, 26.9 million kroons (1.7 million euros) on renovation of casinos and 5.8 million kroons (0.4 million euros) on acquisition of other items of property, plant and equipment; prepayments for non-current assets totalled 15.8 million kroons (1.0 million euros). In 2008, the Group's expenditures on property, plant and equipment totalled 685.4 million kroons (43.8 million euros), including 409.1 million kroons (26.1 million euros) on gaming equipment, 215.2 million kroons (13.8 million euros) on renovation of casinos, and 61.1 million kroons (3.9 million euros) on acquisition of other items of property, plant and equipment. Expenditures on intangible assets totalled 4.0 million kroons (0.3 million euros).

The largest investments in 2009 included opening a flagship casino in Bucharest, capital of Romania and opening of a second casino in Trnava, Slovakia. The Romanian flagship casino project was launched in 2008, the total cost of the project amounted to 96.0 million kroons (6.1 million euros), of which the acquisition of non-current assets amounted to 31.2 million kroons (2.0 million euros) in 2009. The Slovakian Trnava casino project was also launched in 2008, the total cost of the project amounted to 29.7 million kroons (1.9 million euros), of which the acquisition of non-current assets amounted to 7.7 million kroons (0.5 million euros) in 2009.

Cash flows

In 2009, the Group's operating cash flows were 104.6 million kroons (6.7 million euros). Cash flows from investing activities totalled -81.0 million kroons (-5.2 million euros) and cash flows from financing activities amounted to 31.4 million kroons (2.0 million euros). Net cash flows totalled 55.0 million kroons (3.5 million euros).

In 2008, the Group`s operating cash flows were 329.8 million kroons (21.1 million euros), cash flows from investing activities totalled -552.2 million kroons (35.3 million euros), cash flows from financing activities totalled 179.7 million kroons (11.5 million euros).

Dividends

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

In 2009, the Company did not distribute dividends. In 2008, Olympic Entertainment Group AS distributed 75.5 million kroons (4.8 million euros) as dividends. The Management Board proposes to the General Meeting of Shareholders not to pay any dividends in 2010.

Staff

At 31 December 2009, the Group employed 2,348 people (31 December 2008, excluding Ukraine: 3,220): 496 in Estonia, 423 in Latvia, 612 in Lithuania, 98 in Belarus, 438 in Poland, 160 in Romania and 121 in Slovakia.

In 2009, employee wages and salaries including social security taxes amounted to 529.9 million kroons (33.9 million euros). (2008: 765.2 million kroons (48.9 million euros)). In 2009, the remuneration and benefits of the Group's Supervisory and Management Board including social security taxes totalled 5.9 million kroons (0.4 million euros) (2008: 10.0 million kroons (0.6 million euros)).

In 2007, share options were granted to the members of the Management Supervisory of Olympic Entertainment Group AS and the Group's key personnel. According to the agreements, a member of the Management Board may subscribe a total of 333.624 shares and each key executive, a total of 133,446 shares in Olympic Entertainment Group AS during the period of 2008-2010. The exact number of the shares that may be subscribed will depend on the attainment of the Group's financial targets and the individual performance of the member of the Management Board or key executives. The options may be exercised every year from 2008 to 2010 (see Note 30).

Key objectives for year 2010

- the main goal for the year 2010 is primarily to improve business operations and financial results;
- to continue to increase its market share in all of its operating markets;
- to find new opportunities for the expansion of the Group's business;
- to reinforce the Group's position in the online services segment and to create additional synergies with the other operating segments of the Group.

Supervisory and Management Boards

The Supervisory Board of Olympic Entertainment Group AS comprises four members, the work of the Supervisory Board is chaired by Chairman of the Supervisory Board Armin Karu. The members of the Supervisory Board are Jaan Korpusov, Liina Linsi and Peep Vain. Members of the Supervisory Board Anders Galfvensjö and Mart Relve were recalled at a general meeting held on 3 June 2009.

As of 1 October 2009, the Management Board of Olympic Entertainment Group AS comprises two members who are Indrek Jürgenson and Kristi Ojakäär. In the everyday management activities, the Management Board of the Company is independent and is guided by the best interests of all shareholders, ensuring thereby sustainable development of the Company according to the set objectives and strategy. The Management Board also ensures the functioning of internal control and risk management procedures in the Company.

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

Shares of OEG

Olympic Entertainment Group AS is listed in main list of the Tallinn Stock Exchange from 23 October 2006, the Company has issued 151.0 million ordinary shares with the nominal value of 10 kroons. From 26 September 2007, the shares of Olympic Entertainment Group AS are traded on the Warsaw Stock Exchange.

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

Movements in the share price (in kroons) and traded volume (number of securities) of Olympic Entertainment Group AS in 2009:

EUR 1 = EEK 15.6466

At the end of 2009, Olympic Entertainment Group AS had 3,239 (31 December 2008: 3,113) shareholders. At 31 December 2009, the ten largest shareholders were:

	Number of shares	**Ownership interest (%)**
Hansa Assets OÜ	71,555,990	47.39
Hendaya Invest OÜ	30,093,910	19.93
Skandinaviska Enskilda Banken Ab Clients	6,677,138	4.42
State Street Bank and Trust Omnibus Account A Fund no OM01	5,058,758	3.35
Nordea Bank Finland Plc/ non-resident legal entities	4,985,928	3.3
Central Securities Depository of Lithuania	3,115,087	2.06
ING Luxembourg S.A.	2,433,912	1.61
Firebird Avrora Fund Ltd.	2,273,100	1.51
Swedbank Ab Clients	1,886,480	1.25
SEB Pank AS trading	1,236,902	0.82

Corporate governance report

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

General meeting

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

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

The Company does not make observing and attending General Meetings possible through electronic channels because there is no explicit need for it and it would be costly (CGR 1.3.3.).

In 2009, the Annual General Meeting of Shareholders convened at 3 June in the Park Lounge of Reval Park Hotel & Casino, Kreutzwaldi 23, Tallinn. The meeting began at 11 a.m. and ended at 12 p.m. The Chairman of the Supervisory Board Armin Karu, member of the Supervisory Board Jaan Korpusev and member of the Management Board Andri Avila attended the meeting.

Members of the Supervisory Board Liina Linsi, Peep Vain and the auditor whose presence was not necessary (CGR 1.3.2) did not attend the Annual General Meeting of Shareholders of 3 June 2009.

Shareholders representing 82,93% shareholding were present at the Annual General Meeting. Under the Articles of Association of Olympic Entertainment Group AS, the General Meeting has a quorum when more than half of the votes represented by shares are present. Accordingly, the meeting had the quorum required for passing resolutions.

In 2009, there no extraordinary general meetings were held.

Management Board

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

Until 30 September 2009, the Management Board had one member - Andri Avila. From 1 October 2009, the Management Board has two members - Indrek Jürgenson and Kristi Ojakäär. Member of the Management Board Indrek Jürgenson is responsible for general management and implementation of development projects. Member of the Management Board Kristi Ojakäär is responsible for financial management and investor relations. The Supervisory Board of Olympic Entertainment Group AS elects members of the Management Board for three years.

The principles of paying remuneration to the members of the Management Board are decided by the Supervisory Board in conformity with the requirements of the CGR. The Management Board's bonus systems are based on board members' responsibilities and the attainment of specific, comparable and previously set targets. The Company has granted share options to the member of the Management Board (for further information, please refer to the *Staff* section of *the Management report).*

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

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

Supervisory Board

Until 3 June 2009, the Company's Supervisory Board had six members – Armin Karu, Jaan Korpusov, Liina Linsi, Peep Vain, Mart Relve and Anders Galfvensjö. At the annual regular meeting of shareholders held at 3 June 2009, the Company decide to recall the members of the Supervisory Board Mart Relve and Anders Galfvensjö.

The Supervisory Board is elected for a term of five years. The terms of office of Jaan Korpusov, Liina Linsi and Peep Vain will expire at 11 September 2011. The term of office of Armin Karu will expire at 13 August 2013.

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

In 2009, all members of the Supervisory Board other than Anders Galfvensjö attended all meetings of the Supervisory Board. Mr Galfvensjö was out of the country at the time of these meetings. The members of the Supervisory Board avoid conflicts of interest, act in the best interests of all shareholders and observe the prohibition on competition. The Supervisory and Management Boards cooperate closely for better development of the Company, acting in conformity with the Company's Articles of Association. In data exchange and communication, all members of the Supervisory and Management Boards follow the confidentiality protocol. The Management Board ensures that the confidentiality protocol is also observed by the Company's employees who have access to price sensitive information.

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

Disclosure of information, financial reporting and auditing

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

Data exchange with the media and analysts is organised with due consideration and care, and without jeopardising the independence of the parties. The Company did not hold any press conferences in 2009. The Company will publish the time and location of its future press conferences and the content of its presentations on its corporate website (CGR 5.6.).

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

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

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

The Company`s Supervisory Board approved the audit services provided by PricewaterhouseCoopers AS in 2009. The auditor is remunerated in accordance with the contract signed with PricewaterhouseCoopers AS that specifies, among other things, the auditor's obligations and responsibilities in auditing the Company. According to the Company's information, the auditor has performed all its contractual obligations and has performed the audit in accordance with International Standards on Auditing.

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

Management Board's confirmation to the Management Report

The Management Board acknowledges its responsibility and confirms that to the best of its knowledge, the management report presented on pages 5 to 17 is an integral part of the annual report of Olympic Entertainment Group AS for 2009, and it presents a true and fair view of the Group's developments, performance and financial position, and includes an overview of the main risks and uncertainties.

6 April 2010

Indrek Jürgenson
Member of the Management Board

Kristi Ojakäär
Member of the Management Board

Consolidated financial statements

Management Board's confirmation of the financial statements

The Management Board of Olympic Entertainment Group AS acknowledges its responsibility for the true preparation of the consolidated financial statements of Olympic Entertainment Group AS and its subsidiaries (hereinafter the "Group") for the year ended 31 December 2009 as presented on pages 19 - 71, and confirms that to the best of its knowledge:

- the policies applied in the preparation of the consolidated financial statements comply with International Financial Reporting Standards as adopted by the European Union;
- the consolidated financial statements give a true and fair view of the 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 concern (except for Ukrainian subsidiaries in liquidation proceedings).

6 April 2010

Indrek Jürgenson
Member of the Management Board

Kristi Ojakäär
Member of the Management Board

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Consolidated statement of financial position

ASSETS		(EEK '000)		(EUR '000)	
	Note	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Current assets					
Cash and cash equivalents	3	286 067	231 884	18 283	14 820
Financial investments	4	48 184	77 372	3 080	4 945
Receivables and prepayments	5	79 450	99 344	5 078	6 349
Prepaid income tax		23 437	20 464	1 498	1 308
Inventories	9	14 068	29 576	899	1 890
Non-current assets held for sale	10	17 833	0	1 140	0
Total current assets		**469 039**	**458 640**	**29 978**	**29 312**
Non-current assets					
Deferred tax assets	11	21 395	16 847	1 367	1 077
Financial investments	4	61 405	15 930	3 924	1 018
Other long-term receivables	13	15 983	45 292	1 021	2 895
Investment property	14	23 658	45 330	1 512	2 897
Property, plant and equipment	15	733 757	1 313 076	46 896	83 921
Intangible assets	17	450 778	508 459	28 810	32 497
Total non-current assets		**1 306 976**	**1 944 934**	**83 530**	**124 305**
TOTAL ASSETS		**1 776 015**	**2 403 574**	**113 508**	**153 617**

TOTAL LIABILITIES AND EQUITY		(EEK '000)		(EUR '000)	
		31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
LIABILITIES					
Current liabilities					
Borrowings	18	88 145	82 802	5 633	5 292
Trade and other payables	19	150 130	256 450	9 595	16 390
Income tax payable		298	1 249	19	80
Provisions	20	17 947	12 797	1 147	818
Total current liabilities		**256 520**	**353 298**	**16 394**	**22 580**
Non-current liabilities					
Deferred tax liability	11	4 723	10 924	302	698
Borrowings	18	221 032	194 968	14 127	12 461
Total non-current liabilities		**225 755**	**205 892**	**14 429**	**13 159**
Total liabilities		**482 275**	**559 190**	**30 823**	**35 739**
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 reserve		390	35 407	25	2 263
Accumulated losses		-545 450	-31 989	-34 861	-2 044
Total equity attributable to equity holders of the parent		1 229 972	1 778 450	78 609	113 664
Minority interest		63 768	65 934	4 076	4 214
Total equity	21	**1 293 740**	**1 844 384**	**82 685**	**117 878**
TOTAL LIABILITIES AND EQUITY		**1 776 015**	**2 403 574**	**113 508**	**153 617**

The notes on pages 24 to 71 are an integral part of these consolidated financial statements.

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Consolidated statement of comprehensive income

	Note	(EEK '000) 2009	2008	(EUR '000) 2009	2008
Continuing operations					
Revenue and income					
Income from gaming transactions		1 579 370	2 321 366	100 940	148 362
Revenue	23	111 838	132 905	7 148	8 494
Other income	24	11 276	13 563	720	867
Total revenue and income		**1 702 484**	**2 467 834**	**108 808**	**157 723**
Expenses					
Cost of materials, goods and services	25	-52 038	-54 660	-3 326	-3 494
Other operating expenses	25	-992 256	-1 264 798	-63 417	-80 835
Personnel expenses	25	-529 925	-765 164	-33 869	-48 903
Depreciation and amortisation	2;15;17	-309 971	-331 135	-19 811	-21 163
Impairment losses on property, plant and equipment	2;15;17	-15 665	-122 918	-1 001	-7 856
Change in the fair value of investment property	14	-19 402	-13 032	-1 240	-833
Other expenses	26	-120 124	-31 684	-7 677	-2 025
Total expenses		**-2 039 381**	**-2 583 391**	**-130 341**	**-165 109**
Operating loss		**-336 897**	**-115 557**	**-21 533**	**-7 386**
Financial income and expenses					
Interest income		9 006	11 182	575	715
Interest expense		-19 497	-10 601	-1 246	-678
Foreign exchange loss		3 177	-71 793	203	-4 588
Other financial income and expenses		-258	193	-16	12
Total financial income and expenses	28	**-7 572**	**-71 019**	**-484**	**-4 539**
Loss before tax		**-344 469**	**-186 576**	**-22 017**	**-11 925**
Income tax expense	2; 27	11 978	2 435	766	156
NET LOSS FROM CONTINUING OPERATIONS FOR THE PERIOD		**-332 491**	**-184 141**	**-21 251**	**-11 769**
NET LOSS FROM DISCONTINUED OPERATIONS FOR THE PERIOD	2	**-182 744**	**-270 473**	**-11 679**	**-17 286**
NET LOSS FOR THE PERIOD		**-515 235**	**-454 614**	**-32 930**	**-29 055**
Other comprehensive income (loss)					
Currency translation differences					
continuing operations		-14 401	6 251	-920	400
discontinued operations		-20 616	30 500	-1 318	1 949
Total other comprehensive income (loss)		-35 017	36 751	-2 238	2 349
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**-550 252**	**-417 863**	**-35 168**	**-26 706**
Net loss for the period					
Minority interest		-2 166	4 613	-138	295
Attributable to equity owners of the parent					
continuing operations		-330 325	-188 754	-21 113	-12 064
discontinued operations		-182 744	-270 473	-11 679	-17 286
		-515 235	-454 614	-32 930	-29 055
Total comprehensive loss for the period					
Minority interest		-2 166	4 613	-138	295
Attributable to equity owners of the parent					
continuing operations		-344 726	-182 503	-22 033	-11 664
discontinued operations		-203 360	-239 973	-12 997	-15 337
		-550 252	-417 863	-35 168	-26 706
Continuing operations					
Basic earnings (loss) per share	29	-2,19	-1,25	-0,14	-0,08
Diluted earnings (loss) per share	29	-2,19	-1,25	-0,14	-0,08
Discontinued operations					
Basic earnings (loss) per share	29	-1,21	-1,79	-0,08	-0,11
Diluted earnings (loss) per share	29	-1,21	-1,79	-0,08	-0,11

The notes on pages 24 to 71 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

		(EEK '000)		(EUR '000)	
	Note	**2009**	**2008**	**2009**	**2008**
Cash flows from operating activities					
Net loss		-515 235	-454 614	-32 930	-29 055
Adjustments					
Depreciation, amortisation and impairment on property, plant and equipment	15; 17	504 121	474 391	32 219	30 319
Impairment losses on goodwill	17	32 769	98 365	2 095	6 287
Change in fair value of investment property	14	19 402	13 032	1 240	833
Loss on disposal of investment property	14	1 026	0	66	0
Loss from sale and write-off of tangible and intangible assets		98 924	17 676	6 323	1 130
Other financial income and expenses (net)		-24 751	262 412	-1 582	16 771
Change in receivables and prepayments related to operating activities		68 041	40 234	4 348	2 571
Change in inventories		15 508	-9 135	991	-584
Change in non-current assets held for sale		-17 833	0	-1 140	0
Change in liabilities and prepayments related to operating activities		-43 070	-47 875	-2 753	-3 060
Interest paid		-23 365	-9 218	-1 493	-589
Corporate income tax paid		-10 962	-55 420	-701	-3 542
Net cash from operating activities		**104 575**	**329 848**	**6 683**	**21 081**
Cash flows from investing activities					
Acquisition of property, plant and equipment and		-67 188	-582 363	-4 294	-37 220
Proceeds from sale of property, plant and equipment and		22 548	15 787	1 441	1 009
Proceeds from sale of investment property	14	1 244	0	80	0
Purchase of other long-term financial investments	4	-45 316	0	-2 896	0
Proceeds from sale of financial investments		0	6 643	0	425
Net cash flows from acquisition of subsidiaries		0	1 227	0	78
Interest received		7 697	6 553	492	419
Net cash used in investing activities		**-81 015**	**-552 153**	**-5 177**	**-35 289**
Cash flows from financing activities					
Loans received	18	55 545	493 412	3 550	31 535
Repayments of loans received	18	-19 558	-234 699	-1 250	-15 000
Payments of finance lease principal	18	-4 565	-3 476	-292	-222
Dividends paid	21	0	-75 500	0	-4 825
Net cash used in investing activities		**31 422**	**179 737**	**2 008**	**11 488**
NET CASH FLOWS		**54 982**	**-42 568**	**3 514**	**-2 720**
Decrease/increase in cash and cash equivalents		**54 982**	**-42 568**	**3 514**	**-2 720**
Cash and cash equivalents at beginning of the year	3	**231 884**	**270 099**	**14 820**	**17 262**
Exchange gains and losses on cash and cash equivalents		-799	4 353	-51	278
Cash and cash equivalents at end of the year	3	**286 067**	**231 884**	**18 283**	**14 820**

The notes on pages 24 to 71 are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity

(EEK '000)

		Equity attributable to equity holders of the parent							
	Note	Share capital	Share premium	Statutory reserve capital	Translation differences	Retained reserve	**Total**	Minority interest	**Total interest**
At 31 December 2007		**1 510 000**	**227 273**	**19 444**	**-1 343**	**518 394**	**2 273 768**	**61 321**	**2 335 089**
Total comprehensive loss for the period		0	0	0	36 750	-459 227	**-422 477**	4 613	**-417 864**
Transfer to capital reserve		0	0	18 315	0	-18 315	**0**	0	**0**
Dividend distribution	21	0	0	0	0	-75 500	**-75 500**	0	**-75 500**
Share options	30	0	0	0	0	2 659	**2 659**	0	**2 659**
At 31 December 2008		**1 510 000**	**227 273**	**37 759**	**35 407**	**-31 989**	**1 778 450**	**65 934**	**1 844 384**
Total comprehensive loss for the period		0	0	0	-35 017	-513 069	**-548 086**	-2 166	**-550 252**
Share options	30					-392	**-392**		**-392**
At 31 December 2009		**1 510 000**	**227 273**	**37 759**	**390**	**-545 450**	**1 229 972**	**63 768**	**1 293 740**

(EUR '000)

		Equity attributable to equity holders of the parent							
	Note	Share capital	Share premium	Statutory reserve capital	Translation differences	Retained reserve	**Total**	Minority interest	**Total interest**
At 31 December 2007		**96 507**	**14 525**	**1 243**	**-86**	**33 131**	**145 320**	**3 919**	**149 239**
Total comprehensive loss for the period		0	0	0	2 349	-29 350	**-27 001**	295	**-26 706**
Transfer to capital reserve		0	0	1 170	0	-1 170	**0**	0	**0**
Dividend distribution	21	0	0	0	0	-4 825	**-4 825**	0	**-4 825**
Share options	30	0	0	0	0	170	**170**	0	**170**
At 31 December 2008		**96 507**	**14 525**	**2 413**	**2 263**	**-2 044**	**113 664**	**4 214**	**117 878**
Total comprehensive loss for the period		0	0	0	-2 238	-32 792	**-35 030**	-138	**-35 168**
Share options	30					-25	**-25**		**-25**
At 31 December 2009		**96 507**	**14 525**	**2 413**	**25**	**-34 861**	**78 609**	**4 076**	**82 685**

The notes on pages 24 to 71 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Note 1. Accounting policies

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

In 2009 the Group employed 2 899 employees (2008: 3 748) on average. In 2009, employee wages and salaries including social security taxes amounted to 529.9 million kroons (33.9 million euros) and in 2008: 765.2 million kroons (48.9 million euros) (Note 25).

The shareholders with significant influence are OÜ HansaAssets (ownership interest: 47.39%) and OÜ Hendaya Invest (ownership interest: 19.93%).

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

The financial statements were authorised for issue by the Management Board at 6 April 2010. The annual report is reviewed by the Supervisory Board and approved by the General Meeting of the shareholders.

Statement of compliance
The consolidated financial statements of Olympic Entertainment Group AS for the year 2009 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention as modified by revaluation of investment property to fair value.

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

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

Changes in presentation
Reclassification of cash and cash equivalents:
The Group's management has reviewed its cash management principles and has estimated that long-term deposits and rental deposits are not planned to be used or cannot be used in the everyday management of cash flows, as a result of which these financial assets are reclassified from cash and cash equivalents into short-term financial investments or other receivables in these financial statements of the Group.

Changes in comparatives due to reclassification:

	(EEK '000)			(EUR '000)		
	2008	**2008 restated**	**Change**	**2008**	**2008 restated**	**Change**
Cash and cash equivalents	315 919	231 884	-84 035	20 191	14 820	-5 371
Short-term financial investments	0	77 372	77 372	0	4 945	4 945
Other receivables and prepayments	92 681	99 344	6 663	5 923	6 349	426

Reclassification of cash and cash equivalents has an effect on the presentation of the cash flow statement:

	(EEK '000)			(EUR '000)		
	2008	**2008 restated**	**Change**	**2008**	**2008 restated**	**Change**
Change in receivables and prepayments related to operating activities	-107 432	40 234	147 666	-6 867	2 571	9 438
Cash and cash equivalents at beginning of the year	501 800	270 099	-231 701	32 071	17 262	-14 809
Cash and cash equivalents at end of the year	315 919	231 884	-84 035	20 191	14 820	-5 371

Use of estimates and judgements

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

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

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

Note 11: Deferred tax assets and liabilities
Note 14: Investment property
Note 15: Property, plant and equipment
Note 17: Intangible assets
Note 20: Provisions

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by Olympic Entertainment Group AS. Control exists when the Group holds over 50% of the voting power in an entity, or when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity under a statute or an agreement, or when the Group has the power to appoint or remove the majority of an entity's executive management or the highest governing body so as to obtain benefits from the subsidiary's activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Consolidation

In preparing the consolidated financial statements, the financial statements of the Company and all subsidiaries controlled by the Company are consolidated line by line. Intra-group transactions, balances and unrealised profits have been eliminated. Unrealised losses are also eliminated unless they have been caused by impairment. All Group companies are independent entities. On consolidation, the financial statements of foreign subsidiaries are translated from a foreign currency to the Estonian kroon.

The following exchange rates are used to translate the financial statements prepared in foreign currencies:

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

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

Transactions with minority interest

In the consolidated financial statements, minority interests in the results and equity of the entities controlled by the Company are presented in a separate line.

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

Financial instruments

Financial assets and liabilities

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

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

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

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

As at 31 December 2009 (and as at 31 December 2008), the Group had financial assets in the categories of loans and receivables, and held-to-maturity investments.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has a positive intention and ability to hold until maturity. Held-to-maturity investments are measured at their amortised cost using the effective interest rate method (the carrying amount of an investment is determined by reducing cost by any impairment losses).

Loans and receivables

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

Financial liabilities

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

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

Cash and cash equivalents

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

Inventories

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

Investment property

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

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

Property, plant and equipment

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

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

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

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

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

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

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

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is recognised in the balance sheet and measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation. Instead, an impairment test is performed once a year (or more frequently when an event or a change in circumstances indicates that goodwill may be impaired, see the accounting policy *Impairment of assets)*.

Software

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

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

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

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

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

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

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

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

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

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

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

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

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

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PricewaterhouseCoopers, Tallinn

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

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

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

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

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

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

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

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

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

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

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

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

Income tax paid by foreign subsidiaries
In accordance with the Lithuanian, Latvian, Ukrainian, Belarusian, Polish, Romanian and Slovak tax laws, corporate income tax is levied on profits earned. The tax rates enacted, or substantially enacted at the balance sheet date are as follows: 15% in Lithuania, 15% in Latvia, 25% in Ukraine, 24% in Belarus, 19% in Poland, 16% in Romania and 19% in Slovakia. The current income tax payable by the Group's Lithuanian, Latvian, Ukrainian, Belarusian, Polish, Romanian and Slovak entities is recognised as an income tax expense in the income statement and as an income tax liability in the balance sheet.

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

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

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

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

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

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

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

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

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

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

Employee benefits
Termination benefits
The Group recognises termination benefits as a liability and an expense only when the Group is demonstrably committed to terminating an employee's or a group of employees' employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary

redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Share-based payments

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

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

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

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

Payables to employees

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

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

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

Statement of cash flows

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

Segment reporting

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

Events after the balance sheet date

The annual financial statements reflect all significant events affecting the valuation of assets and liabilities that became evident between the balance sheet date 31 December 2009 and the date at which the financial statements were authorised for issue but are related to the reporting or prior periods.

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

New International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee that were adopted by the Group on 1 January 2009.

- *Amendments to IFRS 2 Share-based Payment*

  The amendment clarified that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

  The application of the revised IFRS 2 had no impact on these financial statements of the Group as the Group's accounting policy was already in line with the updated requirements.

- *Amendment to IFRS 7 Improving Disclosures about Financial Instruments*

  The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity is required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk.

  The enhanced disclosures are included in these financial statements.

- *IFRS 8 Operating Segments*

  The Standard introduces the "management approach" to segment reporting and requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

  The adoption of the standard did not cause any regrouping of the reportable segments. Segment disclosures have been amended according to the requirements of the standard.

- *Improvements to International Financial Reporting Standards, issued in May 2008*

  The amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5; if an entity is committed to sale involving loss of control over a subsidiary, the assets and liabilities of the subsidiary shall be classified as held for sale. The revised standard shall be applied prospectively from the date on which the entity first applied IFRS 5 (effective from 1 July 2009); possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of IAS 16 assets which were previously held for rental and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which have no impact (or have minimal impact) on accounting.

  The Group does not expect the improvements to have a major impact on the Group's financial statements.

- *Revised IAS 1 Presentation of Financial Statements*

  The revised Standard introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income (effectively combining the income statement and all non-owner changes in equity in a single statement), or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Group has elected to present a single statement of comprehensive income.

  The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The revised IAS 1 had an impact on the presentation of the Group's primary financial statements but neither had an impact on the recognition of specific transactions and balances nor on its accounting policies.

- *Revised IAS 23 Borrowing Costs*

  The revised Standard removes the option to expense borrowing costs and requires the capitalisation of borrowing costs that relate to qualifying assets (those that take a substantial period of time to get ready for use or sale).

  The Group previously recognised all borrowing costs as an expense. The adoption of revised IAS 23 had no impact on these financial statements of the Group because the Group has had no qualifying assets for which the commencement date for capitalisation of borrowing costs was on or after 1 January 2009. In accordance with the transition provisions of the standard; comparative figures have not been restated.

- *Amendments to IAS 27 Consolidated and Separate Financial Statements and IFRS 1*

  The amendments remove the definition of the "cost method" currently set out in IAS 27, and instead require all dividends from a subsidiary, jointly controlled entity or associate to be recognised as income in the separate financial statements of the investor when the right to receive the dividend is established. In addition, the amendments provide guidance when the receipt of dividend income is deemed to be an indicator of impairment.

  The amendments to IAS 27 had no impact on these financial statements because they are the Group's consolidated financial statements.

- *Amendments to IAS 32 Financial Instruments and IAS 1 Presentation of Financial Statements*

  The amendments introduce an exemption to the principle otherwise applied in IAS 32 for the classification of instruments as equity, and allow certain puttable instruments issued by an entity that would normally be classified as liabilities to be classified as equity if they meet certain conditions.

  The amendments to IAS 32 had no impact on the Group's financial statements as none of the Group entities have in the past issued puttable instruments that would be affected by the amendments.

- *IFRIC 13 Customer Loyalty Programmes*

  The interpretation explains how entities that grant loyalty award credits to customers who buy other goods or services should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem those award credits. Such entities are required to allocate some of the proceeds of the initial sale to the award credits and recognise these proceeds as revenue only when they have fulfilled their obligations.

  IFRIC 13 did not have an impact on the Group's consolidated financial statements.

- *IFRIC 11, IFRS 2 - Group and Treasury Share Transactions.*
  The interpretation did not have any impact on the Group's financial statements.

- *IFRIC 14, IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*
  The interpretation did not have any impact on the Group's financial statements.

New International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) effective for the Group's annual periods beginning on or after 1 July 2010 and that have not been applied by the Group early.

- *IFRS 2 Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010)*

  The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which have been withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the appendix to the standard.

  The Group does not expect the amendments to IFRS 2 to have a major impact on the Group's financial statements.

- *Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after 1 July 2009)*

  The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer will have to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss for the year. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone.

  The revised IFRS 3 will have no impact on the Group's financial statements because there are no business combinations underway at the Group and the revised standards should not be applied before the date of its adoption.

- *IFRS 9 Financial Instruments Part 1: Classification and Measurement (effective for annual periods beginning on or after 1 January 2013; not yet adopted by the EU).*

  IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

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

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

- *Improvements to International Financial Reporting Standards, issued in 2009 (effective for annual periods beginning on or after 1 July 2009; the amendments as adopted by the EU are effective for annual periods starting after 31 December 2009)*

  The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged.

  The Group does not expect the improvements to have a major impact on its financial statements.

- *Improvements to International Financial Reporting Standards, issued in April 2009 (effective for annual periods beginning on or after 1 January 2010; the amendments as adopted by the EU are effective for annual periods starting after 31 December 2009)*

  The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity’s own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss for the year and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender.

  The Group does not expect the amendments to have a significant impact on its financial statements.

- *Amendment to IAS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU)*

  The amended standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party.

  The Group is currently assessing the impact of the amended standards on its financial statements.

- *Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)*

  The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously “minority interests”) even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value.

  The Group is currently assessing the impact of the amended standards on its financial statements.

- *Amendment to IAS 32 Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2011)*

  The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives.

The Group does not expect the amendments to have a major impact on the Group's financial statements.

- *Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 July 2009)*

  The amendments clarify the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship, the risks or portions must be separately identifiable and reliably measurable; however, inflation cannot be designated, except in limited circumstances.

  The Group does not expect the amendments to have a major impact on the Group's financial statements.

- *Embedded Derivatives – Amendments to IFRIC 9 and IAS 39 (effective for annual periods beginning on or after 1 July 2009; amendments to IFRIC 9 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009, early adoption permitted)*

  The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for.

  The Group does not expect the amendments to have a major impact on the Group's financial statements.

- *IFRIC 15 Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009, early adoption permitted)*

  IFRIC 15 clarifies that revenue arising from agreements for the construction of real estate is recognised by reference to the stage of completion of the contract activity in the following cases:
    - the agreement meets the definition of a construction contract in accordance with IAS 11.3;
    - the agreement is only for the rendering of services in accordance with IAS 18 (e.g. the entity is not required to supply construction materials); and
    - the agreement is for the sale of goods but the revenue recognition criteria of IAS 18.14 are met continuously as construction progresses.

  In all other cases, revenue is recognised when all of the revenue recognition criteria of IAS 18.14 are satisfied (e.g. upon completion of construction or upon delivery).

  IFRIC 15 has no impact on the Group's financial statements as the Group neither provides real estate construction services nor develops real estate for sale.

- *IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008; IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009, early adoption permitted)*

  The interpretation explains the type of exposure that may be hedged, where in the group the hedged item may be held, whether the method of consolidation affects hedge effectiveness, the form the hedged instrument may take and which amounts are reclassified from equity to profit or loss on disposal of the foreign operation.

  IFRIC 16 has no impact the Group's financial statements as the Group has not designated any hedges of a net investment in a foreign operation.

- *IFRIC 17 Distributions of Non-cash Assets to Owners (effective prospectively to annual periods beginning on or after 15 July 2009; IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009)*

  The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognised in equity as adjustments to the amount of the distribution. When the dividend payable is settled the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.

As the interpretation is applicable only from the date of its application, it will have no impact on the financial statements for periods prior to the date of adoption of the interpretation. Further, since it relates to future dividends that will be at the discretion of the Management Board/shareholders, it is not possible to determine the effects of application in advance.

- *IFRIC 18, Transfers of Assets from Customers (effective prospectively to transfers of assets from customers received on or after 1 July 2009, earlier application permitted; IFRIC 18 as adopted by the EU is effective for annual periods beginning after 31 October 2009, early adoption permitted).*

  The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers.

  IFRIC 18 is not expected to have any impact on the Group's financial statements.

- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU).*

  This interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.

  The Group does not expect the amendments to have a major impact on the Group's financial statements.

The following amendments to standards and interpretations will not have any impact on the Group's financial statements:

- IFRS 1, First-time Adoption of International Financial Reporting Standards, revised in December 2008 (effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRS 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009).

- Additional Exemptions for First-time Adopters - Amendments to IFRS 1 (effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU).

- Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU).

- Limited exemption from comparative IFRS 7 disclosures for first-time adopters - Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU).

Note 2. Discontinued operations

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

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

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

Analysis of income and expenses of discontinued operations

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Income from gaming transactions	94 522	312 707	6 041	19 986
Sales revenue	7 738	22 267	495	1 423
Other income	2 717	3 265	174	209
Total revenue	**104 977**	**338 239**	**6 710**	**21 618**
Cost of materials, goods and services used	-3 587	-10 983	-229	-702
Other operating expenses	-71 940	-187 967	-4 597	-12 012
Personnel expenses	-30 555	-88 670	-1 953	-5 667
Depreciation of non-current assets	-29 283	-60 639	-1 872	-3 876
Other expenses	-2 708	-10 352	-173	-662
Total expenses	**-138 073**	**-358 611**	**-8 824**	**-22 919**
Operating loss	**-33 096**	**-20 372**	**-2 114**	**-1 301**
Interest income	39	20	2	1
Foreign exchange gains / losses	-424	-191 413	-27	-12 234
Total financial income and expenses	**-385**	**-191 393**	**-25**	**-12 233**
Loss before tax	**-33 481**	**-211 765**	**-2 139**	**-13 534**
Income tax	0	-643	0	-41
LOSS AFTER TAX OF DISCONTINUED OPERATIONS FOR THE YEAR	**-33 481**	**-212 408**	**-2 139**	**-13 575**
Loss recognised on the re-measurement of assets and liabilities of the disposal group				
Impairment of property, plant and equipment	-149 202	-58 065	-9 536	-3 711
Impairment of goodwill	-32 769	0	-2 094	0
Gain from re-measurement of liabilities	32 708	0	2 090	0
TOTAL LOSS ON THE RE-MEASURE-MENT OF ASSETS AND LIABILITIES	**-149 263**	**-58 065**	**-9 540**	**-3 711**
NET LOSS FROM DISCONTINUED OPERATIONS FOR THE PERIOD	**-182 744**	**-270 473**	**-11 679**	**-17 286**

Cash flows of discontinued operations

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Cash flows from operating activities	-7 018	154 296	-448	9 862
Cash flows from investing activities	-900	-171 358	-58	-10 952
Net cash flows	**-7 918**	**-17 062**	**-506**	**-1 090**

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Note 3. Cash and cash equivalents

	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Cash on hand and at gaming halls	67 889	77 279	4 339	4 939
Cash on bank accounts	27 455	46 429	1 754	2 967
Call deposits	133 820	88 930	8 553	5 684
Term deposits	46 684	0	2 984	0
Cash in transit	10 219	19 246	653	1 230
Total	**286 067**	**231 884**	**18 283**	**14 820**

Call deposits comprise the balances on overnight deposits. The effective interest rates of overnight deposits ranged from 0.2% - 2.2% (2008: 3.9%-5.5%). The effective interest rates of term deposits ranged from 1.2% - 10.0% (2008: 1.7%-7.3%). The term deposits have maturities of three months or less. The Group approves banks with A and B credit ratings in which the majority of the Group's funds are deposited.

In 2009, the Group`s interest income on term deposits amounted to 3,771 thousand kroons (241 thousand euros) and in 2008, 10,497 thousand kroons (671 thousand euros).

Note 4. Short- and long-term financial investments

Short-term financial investments	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Term deposits	48 184	77 372	3 080	4 945
Total short-term financial investments	**48 184**	**77 372**	**3 080**	**4 945**

Long-term financial investments	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Lithuanian government bonds	61 336	15 871	3 920	1 014
Other investments	69	59	4	4
Total long-term financial investments	**61 405**	**15 930**	**3 924**	**1 018**

With regards to term deposits, deposits with maturities between 4 months and 1 year totalled 16,193 thousand kroons (1,035 thousand euros) in 2009 and 59,733 thousand kroons (3,818 thousand euros) in 2008; deposits used as collateral for rental premises totalled 7,806 thousand kroons (499 thousand euros) in 2009 and 5,666 thousand kroons (362 thousand kroons) in 2008 and other guarantees totalled 24,185 thousand kroons (1,546 thousand euros) in 2009 and 11,973 thousand kroons (765 thousand euros) in 2008.

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

Effective rates of collateral are as follows:

- 40,000 litas / 181,263 kroons (11 585 euros) per game table
- 25,000 litas / 113,289 kroons (7,240 euros) per slot machine.

The interest rates on bonds ranged from 4.5%-10.0% (2008: 4.5%-5.6%). In 2009, interest income on the bonds amounted to 5,275 thousand kroons (337 thousand euros) and in 2008, 700 thousand kroons (45 thousand euros).

Note 5. Receivables and prepayments

	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Trade receivables (Note 6)	5 473	6 507	350	416
Prepaid taxes (Note 7)	20 983	33 874	1 341	2 165
Other receivables and prepayments (Note 8)	52 994	58 963	3 387	3 768
Total receivables and prepayments	**79 450**	**99 344**	**5 078**	**6 349**

Note 6. Trade receivables

	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Trade receivables not due	5 473	6 507	350	416
Trade receivables overdue and impaired	5 769	5 640	368	360
Allowance for doubtful receivables	-5 769	-5 640	-368	-360
Total (Note 5)	**5 473**	**6 507**	**350**	**416**

Impairment of doubtful receivables	(EEK '000)		(EUR '000)	
	2009	**2008**	**2 009**	**2 008**
At the beginning of year	-5 640	-194	-360	-12
Impairment of receivables	-1 243	-5 746	-79	-367
Irrecoverable receivables	1 114	300	71	19
At year-end	**-5 769**	**-5 640**	**-368**	**-360**

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

Note 7. Taxes

(EEK '000)	**31.12.2009**		**31.12.2008**	
	Prepayment	**Liability**	**Prepayment**	**Liability**
Gaming tax	12 681	21 964	22 681	25 628
Value added tax	7 627	3 681	9 737	16 517
Personal income tax	0	5 927	0	10 395
Social security tax	0	15 272	0	18 415
Excise tax	0	21	0	13 743
Income tax on gifts, fringe benefits	0	450	0	1 128
Other taxes	675	1 380	1 456	1 330
Total taxes (Note 5, 19)	**20 983**	**48 695**	**33 874**	**87 156**

(EUR '000)	**31.12.2009**		**31.12.2008**	
	Prepayment	**Liability**	**Prepayment**	**Liability**
Gaming tax	811	1 404	1 450	1 638
Value added tax	487	235	622	1 056
Personal income tax	0	379	0	664
Social security tax	0	976	0	1 177
Excise tax	0	1	0	878
Income tax on gifts, fringe benefits	0	29	0	72
Other taxes	43	88	93	85
Total taxes (Note 5, 19)	**1 341**	**3 112**	**2 165**	**5 570**

Tax rates effective at 31.12.2009 by countries

Tax	Estonia	Latvia	Lithuania	Belarus	Poland	Romania	Slovakia
Gaming tax (monthly)							
per game table	EEK 20 000 / EUR 1 278	LVL 800/ EUR 1 140	LTL 6 000 / EUR 1 738	EUR 3 500 up to 10 tables, EUR 4 000 more	45% on net proceeds	-	27% on net proceeds
per roulette	EEK 20 000 / EUR 1 278	LVL 800/ EUR 1 140	LTL 6 000/ EUR 1 738			5%	29% on net proceeds
per slot machine	EEK 7 000 / EUR 447	LVL 140 /EUR 200	LTL 800 / EUR 232 LTL 300 / EUR 87	80/ 100 EUR	45% on net proceeds	10%	EUR 1 494
Value added tax	18% (01.01.-30.06.2009) 20% (01.07.-31.12.2009)	21%	19% (01.01.-31.08.2009) 21% (01.09.-31.12.2009)	18%	22%	19%	19%
Personal income tax	21%	23%	15%	12%	18% and 32%	33%	19%
Mandatory funded pension	2% (01.01.-31.05.2009)						14%
Social security tax	33%	24.09% + 9%	40%	34%+1%	18.3%	28.55%	35,00%
Unemployment insurance premium	0.6%+0.3% (01.01.-31.05.2009) 2%+1% (01.06.-31.07.2009) 2.8%+1.4% (01.08.-31.12.2009)	LVL 0.25 / EUR 0.36 employee	0,1%	-	-	-	2%+0.25%
Accident insurance	-	-	-	0,19%	-	-	-
Corporate income tax *	21%	15%	20%	24%	19%	16%	19%

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

Note 8. Other receivables and prepayments

	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Prepaid expenses				
Lease of premises	26 026	20 370	1 663	1 302
Licences	2 970	6 172	190	394
Software and equipment maintenance	387	1 032	25	66
Other prepaid expenses	7 667	8 832	490	564
Total prepaid expenses	**37 050**	**36 406**	**2 368**	**2 326**
Other short-term receivables				
Loans to employees	138	295	9	19
Other receivables from employees	725	621	46	40
Interest receivable	7 922	6 015	506	384
Other short-term receivables	7 159	15 626	458	999
Total other short-term receivables	**15 944**	**22 557**	**1 019**	**1 442**
Total (Note 5)	**52 994**	**58 963**	**3 387**	**3 768**

Note 9. Inventories

	(EEK '000)		EUR '000	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Gaming equipment	3 594	9 324	230	596
Jackpot prizes	450	1 007	29	64
Spare parts for slot machines	4 842	8 493	309	543
Other materials	1 672	2 099	107	134
Goods purchased for resale	3 510	8 653	224	553
Total	**14 068**	**29 576**	**899**	**1 890**

Note 10. Non-current assets held for sale

During the financial year, the Group reclassified non-current assets in the amount of 41,904 thousand kroons (2,678 thousand euros) as non-current assets held for sale. Loss from re-measurement to fair value less costs to sell is reported in the income statement line "Other expenses". Losses from sales of non-current assets held for sale in 2009 totalled 7,282 thousand kroons (465 thousand euros), which is disclosed under "Other expenses" in the statement of income.

	(EEK '000)	(EUR '000)
Balance as at 31.12.2008	**0**	**0**
Changes occurred in 2009		
Reclassification from property, plant and equipment (Note 15)	41 904	2 678
Disposals	-24 071	-1 538
Balance as at 31.12.2009	**17 833**	**1 140**

Note 11. Deferred tax assets and liabilities

Break-down of deferred income tax assets and liabilities:

	Tax assets		Tax liabilities		Net	
(EEK '000)	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Inventories	0	60	0	0	0	60
Employee benefits	997	1 481	0	0	997	1 481
Property, plant and equipment	11 909	13 813	-9 800	-14 482	2 109	-669
Investment property	1 687	0	0	-1 412	1 687	-1 412
Provisions	598	460	0	0	598	460
Loss carry-forwards	6 272	951	0	0	6 272	951
Other	5 009	5 052	0	0	5 009	5 052
Total tax assets/liabilities	**26 472**	**21 817**	**-9 800**	**-15 894**	**16 672**	**5 923**
Set-off of deferred tax assets and liabilities	-5 077	-4 970	5 077	4 970	0	0
Net deferred tax assets/liabilities	**21 395**	**16 847**	**-4 723**	**-10 924**	**16 672**	**5 923**
Deferred tax assets/liabilities at beginning of year	16 847	3 575	-10 924	-18 280	5 923	-14 705
Deferred tax assets/liabilities at end of year	21 395	16 847	-4 723	-10 924	16 672	5 923
Recognised income/expense during the year (Note 27)	**4 548**	**13 272**	**6 201**	**7 356**	**10 749**	**20 628**

	Tax assets		Tax liabilities		Net	
(EUR '000)	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Inventories	0	4	0	0	0	4
Employee benefits	64	95	0	0	64	95
Property, plant and equipment	761	883	-626	-926	135	-43
Investment property	108	0	0	-90	108	-90
Provisions	38	29	0	0	38	29
Loss carry-forwards	401	61	0	0	401	61
Other	319	323	0	0	319	323
Total tax assets/liabilities	**1 691**	**1 395**	**-626**	**-1 016**	**1 065**	**379**
Set-off of deferred tax assets and liabilities	-324	-318	324	318	0	0
Net deferred tax assets/liabilities	**1 367**	**1 077**	**-302**	**-698**	**1 065**	**379**
Deferred tax assets/liabilities at beginning of year	1 077	228	-698	-1 168	379	-940
Deferred tax assets/liabilities at end of year	1 367	1 077	-302	-698	1 065	379
Recognised income/expense during the year (Note 27)	**290**	**849**	**396**	**470**	**686**	**1 319**

Note 12. Subsidiaries

	Domicile	Ownership interest 31.12.09	31.12.08	Core activity	
Olympic Casino Eesti AS	Estonia	95%	95%	Organisation of gaming	OEG
Nordic Gaming AS	Estonia	100%	100%	Holding activities	OEG
Kungla Investeeringu AS	Estonia	100%	100%	Hotel services, catering	OEG
Fortuna Travel OÜ	Estonia	95%	95%	Casino tourism	Olympic Casino Eesti
Kasiino.ee OÜ	Estonia	100%	100%	Internet solutions	OEG
Jokker-Pokker OÜ	Estonia	0%	95%	Liquidated at 18.02.2009	Olympic Casino Eesti
Casinova OÜ	Estonia	0%	100%	Liquidated at 16.02.2009	Olympic Casino Eesti
Kesklinna Hotelli OÜ	Estonia	97.5%	97.5%	Hotel services	OEG
Olympic Casino Latvia SIA	Latvia	100%	100%	Organisation of gaming	OEG
Ahti SIA	Latvia	100%	100%	Bar services	OEG
Olympic Casino Group Baltija UAB	Lithuania	100%	100%	Organisation of gaming	OEG
Mecom Grupp UAB	Lithuania	100%	100%	Bar services	OEG
Olympic Casino Bel IP	Belarus	100%	100%	Organisation of gaming	OEG
Olympic Casino Ukraine TOV	Ukraine	100%	100%	Bankrupt (Note 2)	OEG
Alea Private Company	Ukraine	100%	100%	Bankrupt (Note 2)	Olympic Casino Ukraine
Eldorado Leisure Company	Ukraine	100%	100%	Bankrupt (Note 2)	Olympic Casino Ukraine
Ukraine Leisure Company	Ukraine	100%	100%	Bankrupt (Note 2)	Olympic Casino Ukraine
Silber Investments Sp. Z o.o.	Poland	100%	100%	Holding activities	OEG
Baina Investments Sp. Z o.o.	Poland	100%	100%	Holding activities	OEG
Casino-Polonia Wroclaw Sp.Z.o.o.	Poland	33.33%	33.33%	Organisation of gaming	OEG
Casino-Polonia Wroclaw Sp.Z.o.o.	Poland	33.33%	33.33%	Organisation of gaming	Silber Investments
Casino-Polonia Wroclaw Sp.Z.o.o.	Poland	13.33%	13.33%	Organisation of gaming	Baina Investments
Olympic Casino Bucharest S.r.l.	Rumenia	100%	100%	Organisation of gaming	OEG
Muntenia Food Beverage S.r.l	Rumenia	90%	90%	Bar services	OEG
Muntenia Food Beverage S.r.l	Rumenia	10%	10%	Bar services	Olympic Casino Bucharest
Olympic Exchange S.r.l	Rumenia	90%	90%	Currency exchange	OEG
Olympic Exchange S.r.l	Rumenia	10%	10%	Currency exchange	Olympic Casino Bucharest
Olympic Casino Slovakia S.r.o.	Slovakia	100%	100%	Organisation of gaming	OEG
Olympic F ja B S.r.o.	Slovakia	100%	100%	Bar services	OEG

Note 13. Other long-term receivables

	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Long-term rental prepayments	11 878	14 186	759	907
Other long-term receivables	4 105	31 106	262	1 988
Total	**15 983**	**45 292**	**1 021**	**2 895**

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Note 14. Investment property

(EEK '000)	Land	Buildings	Total
At 31 December 2007	**50 624**	**2 300**	**52 924**
Acquisitions	5 438	0	5 438
Revaluation to fair value	-12 432	-600	-13 032
At 31 December 2008	**43 630**	**1 700**	**45 330**
Disposals and write-offs	-2 270	0	-2 270
Revaluation to fair value	-19 052	-350	-19 402
At 31 December 2009	**22 308**	**1 350**	**23 658**

(EUR '000)	Land	Buildings	Total
At 31 December 2007	**3 235**	**147**	**3 382**
Acquisitions	348	0	348
Revaluation to fair value	-795	-38	-833
At 31 December 2008	**2 788**	**109**	**2 897**
Disposals and write-offs	-145	0	-145
Revaluation to fair value	-1 218	-22	-1 240
At 31 December 2009	**1 425**	**87**	**1 512**

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

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

In the reporting period, forest land was sold for the sales price of 1,244 thousand kroons (80 thousand euros), resulting in loss on sales of 1,026 thousand kroons (66 thousand euros).

In 2009, rental income from investment property amounted to 286 thousand kroons (18 thousand euros) and in 2008, 288 thousand kroons (18 thousand euros). Other expenses on investment property (utility, security, insurance, and land tax charges) totalled 33 thousand kroons (2 thousand euros) and in 2008, 44 thousand kroons (3 thousand euros).

Note 15. Property, plant and equipment

As at 31 December 2007						
Cost	21 878	525 691	1 168 335	93 760	75 214	1 884 878
Accumulated depreciation	-4 564	-140 839	-391 044	-29 093	0	-565 540
Carrying amount	**17 314**	**384 852**	**777 291**	**64 667**	**75 214**	**1 319 338**
Movements in 2008						
Additions	17	111 258	409 138	61 139	103 850	685 402
Reclassification	1 002	25 654	67 377	9 200	-103 233	0
Reclassification between tangible and intangible assets	0	20 660	-9 638	-8 259	-46	2 717
Depreciation from continuing operations	-658	-78 764	-210 380	-27 522	0	-317 324
Depreciation from discontinued operations	0	-9 827	-46 242	-1 617	0	-57 146
Impairment loss from continuing operations	0	-50 711	-24 418	0	0	-75 129
Impairment loss from discontinued operations	0	-5 086	0	0	0	-5 086
Sales and write-offs	-8 096	-12 643	-32 521	7 486	-495	-46 269
Effect of movements in exchange rates	100	-44 463	-100 746	-15 865	-32 453	-193 427
Carrying amount as at December 2008	**9 679**	**341 470**	**829 861**	**89 229**	**42 837**	**1 313 076**
As at 31 December 2008						
Cost	14 034	604 672	1 468 732	166 213	42 837	2 296 488
Accumulated depreciation and impairment	-4 355	-263 202	-638 871	-76 984	0	-983 412
Carrying amount	**9 679**	**341 470**	**829 861**	**89 229**	**42 837**	**1 313 076**
Movements in 2009						
Additions	64	15 860	17 760	5 811	26 835	66 330
Reclassifications	2 435	46 920	27 628	-17 027	-59 326	0
Reclassification as non-current assets held for sale (Note 10)	0	-603	-40 869	-432	0	-41 904
Depreciation from continuing operations	-3 374	-72 351	-199 766	-23 914	0	-299 405
Depreciation from discontinued operations	0	-4 253	-22 980	-734	0	-27 967
Impairment loss from continuing operations	0	-4 962	-10 703	0	0	-15 665
Impairment loss from discontinued operations	0	-35 293	-110 317	-3 592	0	-149 202
Disposals and write-offs	0	-24 693	-67 874	-5 170	-3 555	-101 292
Effect of movements in exchange rates	127	-2 304	-6 308	-425	-1 304	-10 214
Carrying amount as at 31Decenber 2009	**8 931**	**259 161**	**416 431**	**43 747**	**5 487**	**733 757**
As at 31 December 2009						
Cost	14 101	485 794	1 103 462	97 889	5 487	1 706 733
Accumulated depreciation and impairment	-5 170	-226 633	-687 031	-54 142	0	-972 976
Carrying amount	**8 931**	**259 161**	**416 431**	**43 747**	**5 487**	**733 757**

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(EUR '000)

	Land and buildings	Renovation expenditures	Plant and equipment	Other PP&E	Under construction	Total
As at 31December 2007						
Cost	1 398	33 598	74 670	5 992	4 807	120 465
Accumulated depreciation	-292	-9 001	-24 992	-1 859	0	-36 144
Carrying amount	**1 106**	**24 597**	**49 678**	**4 133**	**4 807**	**84 321**
Movements in 2008						
Additions	1	7 111	26 149	3 907	6 637	43 805
Reclassification	64	1 640	4 306	588	-6 598	0
Reclassification between tangible and intangible assets	0	1 320	-616	-528	-3	173
Depreciation from continuing operations	-42	-5 034	-13 446	-1 759	0	-20 281
Depreciation from discontinued operations	0	-593	-2 955	-103	0	-3 651
Impairment loss from continuing operations	0	-3 241	-1 561	0	0	-4 802
Impairment loss from discontinued operations	0	-325	0	0	0	-325
Disposals and write-offs	-517	-808	-2 078	478	-32	-2 957
Effect of movements in exchange rates	6	-2 843	-6 439	-1 013	-2 073	-12 362
Carrying amount as at 31December 2008	**618**	**21 824**	**53 038**	**5 703**	**2 738**	**83 921**
As at 31 December 2008						
Cost	896	38 646	93 869	10 623	2 738	146 772
Accumulated depreciation impairment	-278	-16 822	-40 831	-4 920	0	-62 851
Carrying amount	**618**	**21 824**	**53 038**	**5 703**	**2 738**	**83 921**
Movements in 2009						
Additions	4	1 014	1 135	371	1 715	4 239
Reclassification	156	2 958	1 766	-1 088	-3 792	0
Reclassification as non-current assets held for sales (Note 10)	0	-39	-2 611	-28	0	-2 678
Depreciation from continuing operations	-216	-4 624	-12 767	-1 528	0	-19 135
Depreciation from discontinued operations	0	-272	-1 469	-47	0	-1 788
Impairment loss from continuing operations	0	-317	-684	0	0	-1 001
Impairment loss from discontinued operations	0	-2 256	-7 050	-230	0	-9 536
Sales and write-offs	0	-1 578	-4 338	-330	-227	-6 473
Effect of movements in exchange rates	8	-146	-405	-27	-83	-653
Carrying amount at 31 December 2009	**570**	**16 564**	**26 615**	**2 796**	**351**	**46 896**
Cost at 31 December 2009						
Cost	900	31 048	70 524	6 256	351	109 079
Accumulated depreciation and impairment	-330	-14 484	-43 909	-3 460	0	-62 183
Carrying amount	**570**	**16 564**	**26 615**	**2 796**	**351**	**46 896**

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

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

In 2009, impairment of property, plant and equipment totalled 164,867 thousand kroons (10,537 thousand euros) and in 2008, 80,215 thousand kroons (5,127 thousand euros).

Of the impairment loss recognised in 2009, 149,202 thousand kroons (9,536 thousand euros) related to impairment of non-current assets related to liquidation of Ukrainian subsidiaries, 9,453 thousand kroons (604 thousand euros) to impairment of slot machines at the warehouses of subsidiaries and 4,962 thousand kroons (317 thousand euros) to impairment of renovation expenditures of the Lithuanian subsidiary related to the closing of casinos in 2010 and 1,250 thousand kroons (80 thousand euros) related to reclassification of the non-current assets of the Estonia subsidiary as held for sale.

Of the impairment losses recognised in 2008, 55,797 thousand kroons (3,566 thousand euros) related to impairment of renovation expenditures in conjunction with planned closings of casinos in Estonia, Latvia, Lithuania, Ukraine and Romania in 2009 and 24,418 thousand kroons (1,561 thousand euros) to impairment of plant and equipment recognised as a result of impairment tests based on value in use, for the purpose of which pre-tax operating cash-flow forecasts were prepared. The key assumptions used are described in Note 17.

Note 16. Leased assets

The Group as a lessee

Assets leased under finance lease terms

The assets leased under finance lease term comprise gaming equipment in the Latvian subsidiary. The agreement was entered into in July 2007 with the term of 4 years and interest rate 4.8% p.a., the underlying currency of the agreement is the Euro. As at 31.12.2009, the carrying amount of the assets was 17,883 thousand kroons (1,143 thousand euros) and as at 31.12.2008, 24,812 thousand kroons (1,586 thousand euros). Information on finance lease liabilities is disclosed in Note 18.

In January 2010, a decision was made to terminate the finance lease agreement and return the leased slot machines.

Assets leased under operating lease terms

Group entities lease rental premises under operating lease terms. In 2009, operating lease payments totalled 263,863 thousand kroons (16,864 thousand euros) and in 2008, 313,142 thousand kroons (20,013 thousand euros).

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

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2 009**	**2 008**
Due				
in less than 1 year	104 486	253 840	6 678	16 223
between 1 and 5 years	412 836	737 956	26 385	47 164
after 5 years	252 017	300 280	16 107	19 191

Group as a lessor

The Group as the lessor leases out premises under operating lease terms. In 2009, operating lease income totalled 2,170 thousand kroons (139 thousand euros) and in 2008, 10,884 thousand kroons (696 thousand euros).

Future lease payments under non-cancellable operating leases.

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2 009**	**2 008**
due in less than 1 year	2 196	9 762	140	624
due between 1 and 5 years	4 716	22 458	301	1 435
due after 5 years	478	2 150	31	137

Note 17. Intangible assets

(EEK '000)	Goodwill	Lease contracts	Software and licenses	Pre-payments	Total
As at 31 December 2007					
Cost	628 467	32 009	54 060	0	714 536
Accumulated amortisation	-3 764	-2 752	-17 642	0	-24 158
Carrying amount	**624 703**	**29 257**	**36 418**	**0**	**690 378**
Movements in 2008					
Additions	0	0	3 390	594	3 984
Reclassification	0	0	66	-66	0
Reclassification between tangible and intangible assets	0	0	-2 717	0	-2 717
Amortisation from continuing operations	0	-4 118	-9 693	0	-13 811
Amortisation from discontinued operations	0	0	-3 493	0	-3 493
Impairment loss for goodwill from continuing operations	-45 386	0	0	0	-45 386
Impairment loss for goodwill from discontinued operations	-52 979	0	0	0	-52 979
Disposals and write-offs	-1 873	0	-4	-7	-1 884
Effect of movements in exchange rates	-63 343	0	-2 290	0	-65 633
Carrying amount at 31 December 2008	**461 122**	**25 139**	**21 677**	**521**	**508 459**
As at 31 December 2008					
Cost	464 886	32 009	49 547	521	546 963
Accumulated amortisation	-3 764	-6 870	-27 870	0	-38 504
Carrying amount	**461 122**	**25 139**	**21 677**	**521**	**508 459**
Movements in 2009					
Additions	0	0	9 991	79	10 070
Reclassification	0	0	30	-30	0
Amortisation from continuing operations	0	-3 248	-7 318	0	-10 556
Amortisation from discontinued operations	0	0	-1 316	0	-1 316
Disposals and write-offs	-32 769	-21 891	-2 969	-520	-58 149
Effect of movements in exchange rates	2 331	0	-52	0	2 279
Carrying amount as at 31 December 2009	**430 684**	**0**	**20 044**	**50**	**450 778**
As at 31 December 2009					
Cost	430 684	0	51 922	50	482 656
Accumulated amortisation	0	0	-31 878	0	-31 878
Carrying amount	**430 684**	**0**	**20 044**	**50**	**450 778**

(EUR '000)	Goodwill	Lease contracts	Software and licenses	Prepayments	Total
As at 31 December 2007					
Cost	40 166	2 046	3 455	0	45 667
Accumulated amortisation	-241	-176	-1 128	0	-1 545
Carrying amount	**39 925**	**1 870**	**2 327**	**0**	**44 122**
Movements in 2008					
Additions	0	0	217	37	254
Reclassification	0	0	4	-4	0
Reclassification between tangible and intangible assets	0	0	-174	0	-174
Amortisation from continuing operations	0	-263	-619	0	-882
Amortisation from discontinued operations	0	0	-225	0	-225
Impairment loss for goodwill from continuing operations	-2 901	0	0	0	-2 901
Impairment loss for goodwill from discontinued operations	-3 386	0	0	0	-3 386
Disposals and write-offs	-120	0	0	0	-121
Effect of movements in exchange rates	-4 047	0	-145	0	-4 192
Carrying amount as at 31 December 2008	**29 471**	**1 607**	**1 385**	**33**	**32 496**
As at 31 December 2008					
Cost	29 712	2 046	3 167	33	34 958
Accumulated amortisation	-241	-439	-1 781	0	-2 461
Carrying amount	**29 471**	**1 607**	**1 386**	**33**	**32 497**
Movements in 2009					
Additions	0	0	639	5	644
Reclassification	0	0	2	-2	0
Amortisation from continuing operations	0	-208	-468	0	-676
Amortisation from discontinued operations	0	0	-84	0	-84
Disposals and write-offs	-2 094	-1 399	-190	-33	-3 716
Effect of movements in exchange rates	149	0	-4	0	145
Carrying amount as at 31 December 2009	**27 526**	**0**	**1 281**	**3**	**28 810**
As at 31 December 2009					
Cost	27 526	0	3 318	3	30 847
Accumulated amortisation	0	0	-2 037	0	-2 037
Carrying amount	**27 526**	**0**	**1 281**	**3**	**28 810**

Disposals of goodwill

In 2009, impairment of goodwill in the total amount of 32,769 thousand kroons (2,094 thousand euros) was recognised in connection with the liquidation of the Ukrainian entities. In 2008, goodwill decreased by 954 thousand kroons (61 thousand euros) in connection with the commencement of the liquidation of the subsidiaries Jokker-Pokker OÜ and Casinova OÜ, and by 919 thousand kroons in connection with the decrease in the purchase price of the Eldorado companies.

Impairment tests and impairment losses

Management tested goodwill for impairment as at 31 December 2009 and 31 December 2008. The Group regards segments as cash-generating units. The break-down of goodwill between segments is as follows:

	(EEK '000)		(EUR '000)	
Segment	**31.12.2009**	**31.12.2008**	**31.12.2009**	**31.12.2008**
Estonia	202,894	202,895	12,967	12,967
Latvia	112,902	113,144	7,216	7,231
Poland	114,888	113,082	7,343	7,227
Ukraine (discontinued operations)	0	32,001	0	2,045
	430,684	**461,121**	**27,526**	**29,471**

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

	Average income growth in 5-year period		Average expense growth in 5-year period		WACC		Terminal growth rate	
Segment	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Estonia	10%	5%	6%	4%	14.69%	14.38%	3%	3%
Latvia	4%	7%	3%	4%	14.71%	14.69%	3%	3%
Poland	7%	23%	4%	20%	16.48%	17.09%	3%	3%
Ukraine	-	35%	-	25%	-	28.1%	-	3%
Romania	-	119%	-	64%	-	22.16%	-	3%

In 2009, no impairment losses were recognised for goodwill. Based on the results of the test performed in 2008, the recoverable amounts exceeded the carrying amounts of goodwill in the entities located in the regions of Ukraine and Romania. Therefore, impairment losses in the amount of 52,797 (3 386 thousand euros) thousand kroons in Ukrainian region and in the amount of 45,386 (2,901 thousand euros) thousand kroons in Romanian region were recognised.

Note 18. Borrowings

Finance lease liabilities

	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Finance lease liabilities at beginning of the year	19 051	22 857	1 218	1 461
Principal payments made	-4 565	-3 476	-292	-222
Effect of movements in exchange rates	-16	-330	-1	-21
Finance lease liabilities at end of the year	14 470	19 051	925	1 218
Current portion	14 470	4 569	925	292
Non-current portion (payable within 3 years)	0	14 482	0	926
Finance charge for the year	1 235	933	79	60
Average interest rate	4.8%	4.8%	4.8%	4.8%

Finance lease liabilities are denominated in euros. In January 2010, it was decided to terminate the finance lease agreement and to return the leased slot machines. Finance lease assets are disclosed in Note 16.

Bank loans

	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Loan liabilities at beginning of year	258 713	0	16 535	0
Loans received	55 545	493 412	3 550	31 535
Loan repayments made	-19 558	-234 699	-1 250	-15 000
Loan liabilities at end of year	294 700	258 713	18 835	16 535
current portion	73 675	78 233	4 708	5 000
non-current portion	221 025	180 480	14 127	11 535
Interest expense of reporting period	18 261	6 495	1 167	415

In 2008, the Company received a bank loan with the limit of 25 million euros and due date of 25.12.2013. The contractual interest rate is 6-month EURIBOR+ 4.0% p.a. Scheduled quarterly payments of the loan will commence in March 2010.

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, Poland and Ukraine and in the form of guarantee from OEG subsidiaries in Belarus, Romania and Slovakia.

Other borrowings

	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Other long-term borrowings	7	6	0	0
Total	**7**	**6**	**0**	**0**

Total borrowings

	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Current portion	88 145	82 802	5 633	5 292
Non-current portion	221 032	194 968	14 127	12 461
Total	**309 177**	**277 770**	**19 760**	**17 753**

Note 19. Trade and other payables

	(EEK '000)		EUR '000	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Customer prepayments	16 252	16 042	1 039	1 025
Trade payables	27 513	70 101	1 758	4 480
Other payables	2 896	9 273	185	593
Tax liabilities (Note 7)	48 695	87 156	3 112	5 570
Payables to employees	44 788	69 188	2 863	4 422
Dividends payable	1 759	1 731	112	111
Interest payable	245	495	16	32
Other accrued expenses	7 982	2 464	510	157
Total	**150 130**	**256 450**	**9 595**	**16 390**

Note 20. Provisions

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Provisions for winnings				
At beginning of the year	8 689	9 610	555	614
Provisions made during the year	40 390	55 286	2 581	3 533
Provisions used during the year	-44 319	-56 207	-2 832	-3 592
Provisions for winnings at end of the year	**4 760**	**8 689**	**304**	**555**
Provisions for expenses				
At beginning of the year	4 108	5 687	263	363
Provisions made during the year	13 187	4 108	843	263
Provisions used during the year	-4 108	-5 687	-263	-363
Provisions for expenses at end of the year	**13 187**	**4 108**	**843**	**263**
Total provisions	**17 947**	**12 797**	**1 147**	**818**

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

Provisions for expenses include provisions for rent of gaming halls upon termination of the lease contract in the amount of 12,183 thousand kroons (779 thousand euros) for 2009 and the annual bonuses to be likely paid for 2009 in the amount of 1,004 thousand kroons (64 thousand euros), inclusive of social security taxes.

Note 21. Equity

Share capital

OEG's share capital amounts to 1,510,000 thousand kroons. The par value of a share is 10 kroons (0.64 euro). Each ordinary share carries one vote at General Meetings of Olympic Entertainment Group AS. In 2009 and 2008, the number of OEG's shares and amount of share capital did not change. As at 31 December 2009 and 31 December 2008, all shares which have been issued have been paid for.

Dividends

No dividends were paid in 2009.
At the annual General Meeting of Shareholders held at 20 May 2008, the Company's shareholders decided to distribute a dividend of 0.5 kroons (0.003 euro) per share, i.e. 75,500 thousand kroons (4 825 thousand euro) in aggregate. The dividends were paid out in June 2008.

Shares held by the members of the Supervisory and Management Boards and their close family members at 31 December 2009

Name	Number of shares	Ownership interest
Armin Karu	2 900	0.0019%
Jaan Korpusov	36 900	0.0244%
Kristi Ojakäär	1 450	0.0010%

At 31 December 2009, close family members of Armin Karu held 8,300 shares.

Shareholders whose ownership interest exceeded 1% at 31 December 2009

Name	Number of shares	Ownership interest
OÜ HansaAssets shareholder Armin Karu)	71 555 990	47.3881%
OÜ Hendaya Invest (shareholder Jaan Korpusov)	30 093 910	19.9297%
Skandinaviska Enskilda Banken Ab Clients	6 677 138	4.4219%
State Street Bank and Trust Omnibus	5 058 758	3.3502%
Nordea Bank Finland Plc	4 985 928	3.3019%
Central Securities Depository of Lithuania	3 115 087	2.063%
ING Luxembourg S.A.	2 433 912	1.6119%
Firebird Avora Fund LTD	2 273 100	1.5054%
Swedbank AB clients	1 886 480	1.2493%

Capital requirements

The Estonian gaming legislation imposes a restriction that gaming services can only be provided by such legal persons whose share capital equals at least 1 million euros (15,647 thousand kroons). In Latvia, the share capital of a gaming services provider has to amount to at least 1 million lats (22,050 thousand kroons/ 1,409 thousand euros). In Slovakia, the minimum share capital requirement for a gaming services provider is 1,660 thousand euros (25,973 thousand kroons). In Belarus, the share capital of a gaming services provider has to amount to 20,000 US dollars (217 thousand kroons/ 14 thousand euros). As at 31.12.2009, the subsidiaries Baina Investments S.p. Z.o.o., Silber Investments S.p. Z.o.o., Casino Polonia Wroclaw Sp. Z.o.o., Olympic Casino Bucharest S.r.l. and Mecom Grupp UAB had negative equity. For restoring the equity of these subsidiaries, the parent Olympic Entertainment Group AS has decided to use loans for financing purposes and partially convert the loans granted into the equity of subsidiaries. As at 31.12.2008, the following subsidiaries had negative equity: Baina Investments S.p. Z.o.o., Silber Investments S.p. Z.o.o., Casino Polonia Wroclaw Sp. Z.o.o., Olympic Casino Bucharest S.r.l., Ahti SIA and Olympic F&B S.r.o.

Note 22. 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 2009, the Group had operations in the Estonian, Latvian, Lithuanian, Belarusian, Romanian, Polish, and Slovak markets.

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

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

The total of non-current assets other than financial instruments and deferred tax assets located in Estonia is 544,033 thousand kroons (34,770 thosand euros) as at 31 December 2009 (2008: 663,563 thousand kroons, 42,409 thousand euros) and the total of these non-current assets located in other countries is 664,160 thousand kroons (42,448 thosand euros) as at 31 December 2009 (2008: 1,203,302 thousand kroons, 76,905 thousand euros).

Operating segments

(EEK '000)	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Income from gaming transactions and revenue from external customers	389 115	736 304	362 595	653 518	290 045	414 038	42 468	34 180	440 676	546 042	54 441	37 761	111 868	32 428	0	0	1 691 208	2 454 271
Other external income	2 591	5 520	4 006	1 535	9	1 355	124	184	2 796	2 929	1 725	1 580	25	460	0	0	11 276	13 563
Inter-segment revenue and income	7 510	11 203	3 683	4 324	65	398	0	0	116	0	0	0	0	0	-11 374	-15 925	0	0
Total revenue and income	**399 216**	**753 027**	**370 284**	**659 377**	**290 119**	**415 791**	**42 592**	**34 364**	**443 588**	**548 971**	**56 166**	**39 341**	**111 893**	**32 888**	**-11 374**	**-15 925**	**1 702 484**	**2 467 834**
External expenses	-518 513	-682 778	-406 079	-625 531	-328 833	-393 777	-51 443	-51 298	-471 357	-598 064	-155 434	-174 199	-107 722	-57 744	0	0	-2 039 381	-2 583 391
Inter-segment operating expenses	-7 140	-560	-8 036	-4 413	-1 765	99	-262	-488	-1 831	-3 595	-5 922	-4 498	-560	-702	25 516	14 157	0	0
Total expenses	**-525 653**	**-683 338**	**-414 115**	**-629 944**	**-330 598**	**-393 678**	**-51 705**	**-51 786**	**-473 188**	**-601 659**	**-161 356**	**-178 697**	**-108 282**	**-58 446**	**25 516**	**14 157**	**-2 039 381**	**-2 583 391**
Operating profit	**-126 437**	**69 689**	**-43 831**	**29 433**	**-40 479**	**22 113**	**-9 113**	**-17 422**	**-29 600**	**-52 688**	**-105 190**	**-139 356**	**3 611**	**-25 558**	**14 142**	**-1 768**	**-336 897**	**-115 557**
Segment assets	1 749 259	2 255 947	341 506	496 148	228 580	304 719	43 720	68 445	331 245	363 230	99 564	147 037	128 139	109 234	-1 198 719	-1 808 319	1 723 294	1 936 441
Unallocated assets*																	52 721	43 066
Discontinued operations																	0	424 067
Total assets																	**1 776 015**	**2 403 574**
Segment liabilities	48 017	50 345	61 878	183 410	165 391	197 471	136 667	133 077	426 199	422 170	446 737	360 647	118 856	109 714	-1 235 907	-1 717 360	167 838	-260 526
Unallocated liabilities**																	314 437	290 432
Discontinued operations																	0	529 284
Total liabilities																	**482 275**	**559 190**
Acquisition of property, plant and equipment	5 760	62 637	3 692	53 322	7 496	40 285	126	3 609	18 397	179 350	32 061	121 372	8 895	67 355	-340	0	76 087	527 930
Acquisition of investment property	0	0	0	0	0	5 438	0	0	0	0	0	0	0	0	0	0	0	5 438
Discontinued operations																	313	161 456
Total capital expenditures																	**76 400**	**694 824**
Depreciation and amortisation	-78 999	-88 492	-89 268	-109 587	-39 893	-46 431	-13 091	-14 322	-48 118	-45 319	-22 583	-15 672	-12 255	-5 356	-5 764	-5 956	-309 971	-331 135
Impairment losses	-7 281	-13 331	-3 422	-17 504	-4 962	-12 390	0	0	0	0	0	-75 676	0	0	0	-4 017	-15 665	-122 918
Loss on changes in fair value of investment property	-460	-398	0	0	-18 942	-12 634	0	0	0	0	0	0	0	0	0	0	-19 402	-13 032
Loss on sales and liquidation of property, plant and equipment, and intangible assets	-40 313	-6 570	-27 782	-6 449	-6 134	118	-23	-9	-1 585	-5 151	-40 023	-1 612	0	0	17 415	0	-98 445	-19 673

Operating segments

(EUR '000)	Estonia		Latvia		Lithuania		Belarus		Poland		Romania		Slovakia		Eliminations		Consolidated	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Income from gaming transactions and revenue from external customers	24 869	47 058	23 174	41 767	18 537	26 462	2 714	2 185	28 164	34 898	3 479	2 413	7 149	2 073	0	0	108 086	156 856
Other external income	166	353	256	98	1	87	8	12	179	187	110	101	2	29	0	0	722	867
Inter-segment revenue and income	480	716	235	276	4	25	0	0	7	0	0	0	0	0	-726	-1 017	0	0
Total revenue and income	**25 515**	**48 127**	**23 665**	**42 141**	**18 542**	**26 574**	**2 722**	**2 197**	**28 350**	**35 085**	**3 589**	**2 514**	**7 151**	**2 102**	**-726**	**-1 017**	**108 808**	**157 723**
External expenses	-33 139	-43 637	-25 953	-39 979	-21 017	-25 167	-3 288	-3 279	-30 125	-38 223	-9 934	-11 133	-6 885	-3 691	0	0	-130 341	-165 109
Inter-segment expenses	-456	-36	-514	-282	-113	6	-17	-31	-117	-230	-378	-287	-36	-45	1 631	905	0	0
Total expenses	**-33 595**	**-43 673**	**-26 467**	**-40 261**	**-21 130**	**-25 161**	**-3 305**	**-3 310**	**-30 242**	**-38 453**	**-10 312**	**-11 420**	**-6 921**	**-3 736**	**1 631**	**905**	**-130 341**	**-165 109**
Operating profit	**-8 080**	**4 454**	**-2 802**	**1 880**	**-2 588**	**1 413**	**-583**	**-1 113**	**-1 892**	**-3 368**	**-6 723**	**-8 906**	**230**	**-1 634**	**905**	**-112**	**-21 533**	**-7 386**
Segment assets	111 798	144 181	21 826	31 710	14 609	19 475	2 794	4 375	21 171	23 215	6 363	9 397	8 190	6 981	-76 612	-115 572	110 139	123 762
Unallocated assets*																	3 369	2 752
Dicontinued operations																	0	27 103
Total assets																	**113 508**	**153 617**
Segment liabilities	3 069	3 218	3 955	11 722	10 570	12 621	8 735	8 505	27 239	26 982	28 552	23 050	7 596	7 012	-78 989	-109 760	10 727	-16 650
Unallocated liabilities**																	20 096	18 562
Discontinued operations																	0	33 827
Total liabilities																	**30 823**	**35 739**
Acquisition of property, plant and equipment	368	4 003	236	3 408	479	2 574	8	231	1 176	11 462	2 049	7 757	568	4 305	-22	0	4 862	33 740
Acquisition of investment property	0	0	0	0	0	348	0	0	0	0	0	0	0	0	0	0	0	348
Discontinued operations																	20	10 319
Total capital expenditures																	**4 882**	**44 407**
Depreciation and amortisation	-5 049	-5 656	-5 705	-7 004	-2 550	-2 967	-837	-915	-3 076	-2 896	-1 443	-1 002	-783	-342	-368	-381	-19 811	-21 163
Impairment losses	-465	-851	-219	-1 119	-317	-792	0	0	0	0	0	-4 837	0	0	0	-257	-1 001	-7 856
Loss on changes in fair value of investment property	-29	-25	0	0	-1 211	-808	0	0	0	0	0	0	0	0	0	0	-1 240	-833
Loss on sales and liquidation of property, plant and equipment, and intangible assets	-2 576	-420	-1 776	-412	-392	8	-1	-1	-101	-329	-2 558	-103	0	0	1 113	0	-6 291	-1 257

*Unallocated assets include prepayment of Corporate Income Tax, deferred tax assets and interest receivable.
**Unallocated liabilities include Corporate Income Tax liability, deferred tax liabilities, interest payable and debt.

Note 23. Revenue

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Hotel service revenue	17 436	25 741	1 114	1 645
Bar service revenue	62 513	85 414	3 996	5 459
Other revenue	31 889	21 750	2 038	1 390
Total	**111 838**	**132 905**	**7 148**	**8 494**

Note 24. Other income

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Gains on currency exchange services	5 898	6 254	377	400
Gains on sale of property, plant and equipment	1 387	663	89	43
Miscellaneous income	3 991	6 646	254	424
Total	**11 276**	**13 563**	**720**	**867**

Note 25. Expenses

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Cost of materials, goods and services used				
Direct catering, accommodation and bar service expenses	-51 672	-54 489	-3 303	-3 483
Other services	-366	-171	-23	-11
Total cost of materials, goods and services used	**-52 038**	**-54 660**	**-3 326**	**-3 494**
Other operating expenses				
Gaming tax and operating licences	-390 798	-466 471	-24 977	-29 813
Marketing expenses	-127 246	-221 233	-8 133	-14 139
Rental expenses	-227 130	-222 815	-14 516	-14 240
Maintenance expenses (equipment and premises)	-134 358	-152 270	-8 587	-9 732
IT expenses	-19 110	-22 482	-1 221	-1 437
Other expenses	-93 614	-179 527	-5 983	-11 474
Total other operating expenses	**-992 256**	**-1 264 798**	**-63 417**	**-80 835**
Personnel expenses				
Salaries	-406 597	-578 024	-25 987	-36 943
Social security taxes	-123 328	-187 140	-7 882	-11 960
Total personnel expenses	**-529 925**	**-765 164**	**-33 869**	**-48 903**
Total	**-1 574 219**	**-2 084 622**	**-100 612**	**-133 232**

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Note 26. Other expenses

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Loss on disposal and liquidation of property, plant and equipment	-99 832	-20 336	-6 380	-1 300
Loss on disposal of investment property	-1 026	0	-66	0
Foreign exchange losses on settlements with suppliers	-6 449	-313	-412	-20
Allowance for doubtful receivables	-886	-300	-57	-19
Miscellaneous expenses	-11 931	-10 735	-762	-686
Total	**-120 124**	**-31 684**	**-7 677**	**-2 025**

Note 27. Income tax expense

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Pre-tax net loss for the period	-527 212	-456 406	-33 695	-29 170
Current year's tax expense using the income tax rate of the parent (0%)	0	0	0	0
Tax effects of differences in tax rates of subsidiaries' profits				
Lithuania	-40	-7 862	-3	-502
Latvia	0	-9 744	0	-623
Ukraine (discontinued operations)	0	-643	0	-41
Poland	2 133	0	138	0
Romania	-864	-587	-55	-38
Deferred income tax income (expense) (Note 11)	10 749	20 628	686	1 319
Income tax income in the income statement	**11 978**	**1 792**	**766**	**115**
Attributable to continuing operations	11 978	2 435	766	156
discontinued operations (Note 2)	0	-643	0	-41

Note 28. Financial income and expenses

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Interest income on term deposits	1 786	6 431	114	411
Interest income on overnight deposits	1 946	4 047	124	259
Other interest income	5 274	704	337	45
Interest expense	-19 497	-10 601	-1 246	-678
Foreign exchange profit/loss (net)	3 177	-71 793	203	-4 588
Other financial income and expenses	-258	193	-16	12
Total	**-7 572**	**-71 019**	**-484**	**-4 539**

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

Note 29. Earnings per share

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Net profit attributable to equity holders of the parent	-513 069	-459 227	-32 791	-29 350
Weighted average number of shares outstanding (in thousands)	151 000	151 000	151 000	151 000
Basic and diluted earnings per share	**-3.40**	**-3.04**	**-0.22**	**-0.19**

	EEK	EEK	EUR	EUR
Contractual price of a share option (in kroons)	10.27	34.46	0.66	2.20
Fair value of a share option (weighed average, in kroons)	7.56	7.44	0.48	0.48
Total exercise price of a share option	17.83	41.89	1.14	2.68
Average market price of a share in 2009 and 2008	9.33	31.41	0.60	2.01
Exercisable share options (in thousands)	386	599	25	599
Dilutive effect of share options (in thousands)	0	0	0	0

For calculating the basic earnings per share, the net loss attributable to equity holders of the parent in the amount of 513,069 thousand kroons (32,791 thousand euros) and the net loss for 2008 in the amount of 459,226 thousand kroons (29,350 thousand euros) are used as the basis. The weighted average number of ordinary shares is 151,000,000 (2008: 151,000,000).

Note 30. Share-based payments

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

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

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

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

	Management and Supervisory Board		**Key personnel**	
	EEK	EUR	EEK	EUR
Fair value of an option (weighted average price)	5.78	0.37	7.99	0.51
Share price (weighed average)	74.21	4.74	82.32	5.26
Exercise price (weighed average, in kroons)	69.15	4.42	74.92	4.79
Volatility %	20%	20%	20%	20%
Dividends %	1%	1%	1%	1%
Interest rate %	6%	6%	6%	6%

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Expense of share-based payments recognised as personnel expenses	392	2 659	25	170

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

Exercisable share options (in thousands)	2009	2008
Share options outstanding at beginning of the year	599	392
Share options granted during the year	1 340	1 340
Effect of non-satisfaction of vesting conditions	-954	-741
Share options not exercised	-599	-392
Exercisable share options at end of year	386	599

Note 31. Transactions with related parties

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

Transactions concluded with related parties in 2009 and 2008.

		(EEK '000)		(EUR '000)	
		2009	**2008**	**2009**	**2008**
Related party	**Transaction**	Purchases	Purchases	Purchases	Purchases
Shareholder with significant influence	Lease of business premises	1 110	1 110	71	71
Company related to the member of the Supervisory Board	Purchase of goods	60	75	4	5
Company related to the member of the Supervisory Board	Training expenses	0	198	0	13
Total		**1 170**	**1 185**	**75**	**76**

Related party	**Transaction**	Sales	Sales	Sales	Sales
Shareholder with significant influence	Sale of services	0	1	0	0
Total		**0**	**1**	**0**	**0**

As at 31.12.2009 and 31.12.2008, there were no balances of receivables and liabilities.

In 2009, remuneration and benefits, including social security taxes of the members of the Supervisory and Management Board totalled 5,880 thousand kroons (376 thousand euros), in 2008, 10,050 thousand kroons (642 thousand euros).

Note 32. Financial instruments

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

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

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

Financial instruments by types

Financial assets

	Held-to-maturity financial assets		Loans and receivables		Total	
(EEK '000)	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Cash and cash equivalents (Note 3)	0	0	286 067	231 884	**286 067**	**231 884**
Financial investments (Note 4)	61 405	15 930	48 184	77 372	**109 589**	**93 302**
Trade receivables (Note 6)	0	0	5 473	6 507	**5 473**	**6 507**
Other receivables	0	0	23 138	60 901	**23 138**	**60 901**
Total	**61 405**	**15 930**	**362 862**	**376 664**	**424 267**	**392 594**

Financial liabilities

	Liabilities at amortised cost		Total	
(EEK '000)	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Borrowings (Note 18)	309 177	277 770	**309 177**	**277 770**
Trade payables (Note 19)	27 513	70 101	**27 513**	**70 101**
Other liabilities (Note 19)	12 882	13 963	**12 882**	**13 963**
Total	**349 572**	**361 834**	**349 572**	**361 834**

Financial assets

	Held-to-maturity financial assets		Loans and receivables		Total	
(EUR '000)	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Cash and cash equivalents (Note 3)	0	0	18 283	14 820	**18 283**	**14 820**
Investments (Note 4)	3 924	1 018	3 080	4 945	**7 004**	**5 963**
Trade receivables (Note 6)	0	0	350	416	**350**	**416**
Other receivables	0	0	1 479	3 892	**1 479**	**3 892**
Total	**3 924**	**1 018**	**23 192**	**24 073**	**27 116**	**25 091**

Financial liabilities

	Liabilities at amortised cost		Total	
(EUR '000)	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Borrowings (Note 18)	19 760	17 753	**19 760**	**17 753**
Trade payables (Note 19)	1 758	4 480	**1 758**	**4 480**
Other liabilities (Note 19)	823	892	**823**	**892**
Total	**22 341**	**23 125**	**22 341**	**23 125**

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

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

The Group's management estimates that possible fluctuation in exchange rates may impact the currency positions, and hence, there is also an effect on the income statement. The best estimate of the management for currency position changes in 2010 is that they will be similar to the actual changes in 2009.

Exposure to currency risk at 31 December 2009

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

Currency risks at 31 December 2009

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

Currency risks at 31 December 2008

(EEK '000)	EEK	EUR	USD	BYR	LVL	LTL	UAH	PLN	RON	GBP	**Total**
Cash and cash equivalents	65 007	19 798	67	2 820	76 128	15 061	8 211	37 563	7 229	0	231 884
Financial investments	1 421	0	0	0	1 965	86 991	0	0	2 925	0	93 302
Trade receivables	1 722	1 189	0	0	1 681	131	38	1 746	0	0	6 507
Other receivables	6 937	18 198	0	8	14 423	4 923	610	453	21 379	0	66 931
Total	**75 087**	**39 185**	**67**	**2 828**	**94 197**	**107 106**	**8 859**	**39 762**	**31 533**	**0**	**398 624**
Short-term borrowings	0	-82 802	0	0	0	0	0	0	0	0	-82 802
Trade payables	-8 533	-16 986	-67	0	-5 679	-5 506	-2 013	-12 855	-18 333	-129	-70 101
Other current liabilities	-15 104	-8 496	0	-91	-20 507	-16 658	-4 993	-15 857	-1 444	0	-83 150
Long-term borrowings	0	-194 968	0	0	0	0	0	0	0	0	-194 968
Total	**-23 637**	**-303 252**	**-67**	**-91**	**-26 186**	**-22 164**	**-7 006**	**-28 712**	**-19 777**	**-129**	**-431 021**
Net exposure	**51 450**	**-264 067**	**0**	**2 737**	**68 011**	**84 942**	**1 853**	**11 050**	**11 756**	**-129**	**-32 397**
Reasonably possible appreciation of the currency against EEK %	-	-	-4%	-2%	-2%	-	-33%	-14%	-11%	-24%	
Reasonably possible depreciation of the currency against EEK %	-	-	4%	2%	2%	-	33%	14%	11%	24%	
Effect on profit (loss)	**0**	**0**	**0**	**-55**	**-1 360**	**0**	**-611**	**-1 547**	**-1 293**	**31**	**-4 836**
Effect on profit (loss)	**0**	**0**	**0**	**55**	**1 360**	**0**	**611**	**1 547**	**1 293**	**-31**	**4 836**

Currency risks at 31 December 2008

(EUR '000)	EEK	EUR	USD	BYR	LVL	LTL	UAH	PLN	RON	GBP	Total
Cash and cash equivalents	4 155	1 265	4	180	4 865	963	525	2 401	462	0	14 820
Financial investments	91	0	0	0	126	5 559	0	0	187	0	5 963
Trade receivables	110	76	0	0	107	8	2	113	0	0	416
Other receivables	443	1 163	0	1	922	315	39	29	1 366	0	4 278
Total	**4 799**	**2 504**	**4**	**181**	**6 020**	**6 845**	**566**	**2 543**	**2 015**	**0**	**25 477**
Short-term borrowings	0	-5 292	0	0	0	0	0	0	0	0	-5 292
Trade payables	-545	-1 085	-4	0	-363	-352	-129	-822	-1 172	-8	-4 480
Other current liabilities	-965	-543	0	-6	-1 311	-1 065	-319	-1 013	-92	0	-5 314
Long-term borrowings	0	-12 461	0	0	0	0	0	0	0	0	-12 461
Total	**-1 510**	**-19 381**	**-4**	**-6**	**-1 674**	**-1 417**	**-448**	**-1 835**	**-1 264**	**-8**	**-27 547**
Net exposure	**3 289**	**-16 877**	**0**	**175**	**4 346**	**5 428**	**118**	**708**	**751**	**-8**	**-2 070**
Reasonably possible appreciation of the currency against EEK %	-	-	-4%	-2%	-2%	-	-33%	-14%	-11%	-24%	
Reasonably possible depreciation of the currency against EEK %	-	-	4%	2%	2%	-	33%	14%	11%	24%	
Effect on profit (loss)	**0**	**0**	**0**	**-4**	**-87**	**0**	**-39**	**-99**	**-83**	**2**	**-309**
Effect on profit (loss)	**0**	**0**	**0**	**4**	**87**	**0**	**39**	**99**	**83**	**-2**	**309**

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 the Estonian kroon/euro. The management of the Group has revised its estimations regarding the intra Group loan contracts in preparing consolidated interim financial results of 2009, as the intra Group loans will not be settled in the foreseeable future. Consequently, the exchange differences will be recognised directly in the separate component of equity. In 2008, exchange differences of internal loan agreements of the Group were included in the financial expenses in the income statement.

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

The Group has not used hedging instruments to manage the currency risks in 2009 and 2008.

Interest rate risk

The Group's term deposits (see Notes 3 and 4) are with fixed interest rates. The Group has invested in Lithuanian Government Bonds, which interest rates are fixed.

At the balance sheet date, the balance of the Group's bank loan was 294 700 thousand kroons (18,835 thousand euros). The interest rate on the loan assumed by the Group is floating, based on 6-month EURIBOR + 4%. Derivates are not used for hedging interest rate risk. In 2009, the average annual interest rate was 6.1%, in 2008, 6.9%. As at 31 December 2009, a change in market interest rates by 1pp would impact the Group's interest expenses by 3,112 thousand kroons (199 thousand euros) p.a.

In the first quarter of 2010, the Group's management has decided to reduce the balance of interest-bearing liabilities, making prematurely a partial payment of the bank loan in the amount of 93,880 thousand kroons (6,000 thousand euros) and to change the floating interest rate of the bank loan to fixed 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. All financial assets, except for receivables as disclosed in Note 5, are not due.

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Cash and cash equivalents on bank accounts	218 178	154 605	13 944	9 881
Short and long term financial investments	109 589	93 302	7 004	5 963
Trade receivables	5 473	6 507	350	416
Other receivables	23 138	60 901	1 479	3 892
Total	**356 378**	**315 315**	**22 777**	**20 152**

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

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Cash and cash equivalents on bank accounts				
Banks with credit rating A	24 213	6 072	1 548	388
Banks with credit rating B	172 452	114 474	11 022	7 316
Other banks	21 513	34 059	1 375	2 177
Short and long-term financial investments				
Banks with credit rating A	18 771	1 965	1 200	126
Banks with credit rating B	72 566	82 901	4 638	5 298
Other banks	18 252	8 435	1 167	539
Total	**327 768**	**247 906**	**20 948**	**15 844**

Additional information about credit risk is provided in Note 5.

Price Risk

Price risk is a risk of possible loss from unfavourable change in the prices of securities. The Group has invested in Lithuanian Government Bonds. As at 31 December 2009 the investment was 61 336 thousand kroons (3 920 thousand euros) and at 31 December 2008 15 871 thousand kroons (1 014 thousand euros). The Group has not used financial instruments to manage price risk of the bonds.

Liquidity risk

The Group holds its available cash in overnight deposits or fixed-interest rate term deposits. Liquidity risk is mitigated by positive working capital, which as at 31.12.2009 totalled 212,519 thousand kroons (13,584 thousand euros) and as at 31.12.2008, 105,341 thousand kroons (6 732 thousand euros), respectively.

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

	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Bank loans (Note 18)	**326 150**	**308 424**	**20 845**	**19 712**
undiscounted cash flows				
1-3 months	22 080	24 707	1 411	1 579
3-12 months	65 051	71 787	4 157	4 588
1-5 years	239 019	211 930	15 277	13 545
Finance lease liabilities (Note 18)	**14 470**	**20 286**	**925**	**1 297**
undiscounted cash flows				
1-3 months	14 470	1 442	925	92
3-12 months	0	4 362	0	279
1-5 years	0	14 482	0	926
Trade payables (Note 19)	**27 513**	**70 101**	**1 758**	**4 480**
undiscounted cash flows				
1-3 months	27 513	70 101	1 758	4 480
Other liabilities	**57 677**	**83 157**	**3 686**	**5 314**
undiscounted cash flows				
1-3 months	57 677	83 157	3 686	5 314
Total	**425 810**	**481 968**	**27 214**	**30 803**

Fair value

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

Capital risk management

The Group finances business activities by both debt and equity. The objective of capital risk management is to ensure an optimal capital structure and capital price. In shaping the financing structure and assessing risks, the Group monitors the share of equity in balance sheet total. The aim of the Group is to maintain the share of equity at least at the level of 50% of the balance sheet total. As at 31.12.2009, the total equity of the Group was 1,293,740 thousand kroons (82,685 thousand euros) and the balance sheet total of the Group was 1,776,015 thousand kroons (113,508 thousand euros), i.e. the share of equity accounted for 72.8% of the balance sheet total. As at 31.12.2008, the equity of the Group was 1,844,384 thousand kroons (117,878 thousand euros) and the balance sheet total was 2,403,574 thousand kroons (153,617 thousand euros), i.e. the share of equity accounted for 76.7% of the balance sheet total.

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

Note 33. Accounting estimates and judgements

The preparation of financial statements in compliance with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts.

The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and assumptions are based on historical experience and various other factors, including projections of future events, which are believed to be reasonable under the circumstances.

Deferred income tax (Note 11)

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

The carrying amount of deferred income tax was 21,395 thousand kroons (1,367 thousand euros) and 16,847 thousand kroons (1,077 thousand euros) as at 31.12.2009 and 31.12.2008, respectively. The carrying amount of deferred income tax liability was 4,723 thousand kroons (302 thousand euros) and 10,924 thousand kroons (698 thousand euros) as at 31.12.2009 and 31.12.2008, respectively.

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

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

As at 31 December 2009, the carrying amount of non-current assets was 733,757 thousand kroons (46,896 thousand euros) and as at 31 December 2008, 1,313,076 thousand kroons (83,921 thousand euros). As at 31 December 2009, the carrying amount of other intangible assets was 47,377 thousand kroons (3,025 thousand euros) and as at 31 December, 20,094 thousand kroons (1,284 thousand euros).

If useful lives of items of property, plant and equipment were decreased or increased by 20%, the annual depreciation charge would decrease or increase by 29,350 thousand kroons (1,876 thousand euros). If useful lives of other intangible assets were decreased or increased by 20%, the annual amortisation charge would decrease or increase by 802 thousand kroons (51 thousand euros).

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

Carrying amount of goodwill was 430,684 thousand kroons (27,526 thousand euros) and 461,122 thousand kroons (29,471 thousand euros) as at 31.12.2009 and 31.12.2008, respectively.

Provisions (Note 20)
In measuring provisions, the management of the Group is guided by the best knowledge with regard to possible events of future periods. The provisions in the balance sheet amount to 17,947 thousand kroons (1,147 thousand euros) and 12,797 thousand kroons (818 thousand euros) as at 31.12.2009 and 31.12.2008, respectively.

Effect of the economic crisis
The Group's management believes that it has applied all necessary measures to ensure the Group's sustainability and development in current macroeconomic conditions. The measures used to combat the effects of the economic crisis are disclosed in chapter *Management report* of these financial statements.

Management has additionally evaluated the potential effect of the global liquidity crisis and the accompanying overall economic crisis on the Group's business. Management estimates that the key short and long-term threats include:

- Macroeconomic development in operating markets and the accompanying changes in customer consumption habits.
- Impairment of assets due to lower demand for the services provided by the Group.
- Possible loan refinancing terms may not correspond to the terms of existing loans.
- More strict regulations set for gaming organisers.

Note 34. Contingent liabilities

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

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

Note 35. Events after the balance sheet date

In autumn 2009, Group decided to enter to online gaming market. For providing online services, Group has signed a partnership agreement with Playtech, the world's leading developer of online gaming technology. On 10th February 2010, Group launched first legal online casino and poker room in Estonia on website Olympic-Online.com. New online environment offers more than 150 different casino games and a possibility to play in the world's largest poker network iPoker.

In March 2010, the management of the Group decided to partially repay a bank loan in the amount of 93,880 thousand kroons (6,000 thousand euros) and to change the floating interest rate of the bank loan to fixed rate of 5,45% p.a. .

Note 36. Parent company’s separate primary financial statements

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

Separate statement of financial position of Olympic Entertainment Group AS

ASSETS	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Current assets				
Cash and cash equivalents	80 039	22 860	5 115	1 461
Receivables from group companies	186 911	162 297	11 946	10 373
Other receivables and prepayments	10 520	8 153	672	521
Total current assets	**277 470**	**193 310**	**17 733**	**12 355**
Non-current assets				
Investments in subsidiaries	3 274 985	4 893 431	209 310	312 747
Long-term receivables from group companies	1 034 560	1 491 203	66 120	95 305
Other long-term receivables	0	0	0	0
Investment property	3 040	5 420	194	346
Property, plant and equipment	6 320	8 677	404	555
Intangible assets	3 781	6 634	242	424
Total non-current assets	**4 322 686**	**6 405 365**	**276 270**	**408 877**
TOTAL ASSETS	**4 600 156**	**6 598 675**	**294 003**	**421 232**

LIABILITIES AND EQUITY	(EEK '000)		(EUR '000)	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
LIABILITIES				
Current liabilities				
Current portion of long-term debt	73 675	78 233	4 708	5 000
Trade payables	156	355	10	23
Payables to group companies	136 391	93 766	8 717	5 993
Tax liabilities	681	1 537	44	98
Accrued expenses	756	2 644	48	169
Total current liabilities	**211 659**	**176 535**	**13 527**	**11 283**
Non-current liabilities				
Long-term borrowings	221 025	180 480	14 126	11 535
Long-term payables to group companies	729 308	703 413	46 611	44 956
Total non-current liabilities	**950 333**	**883 893**	**60 737**	**56 491**
Total liabilities	**1 161 992**	**1 060 428**	**74 264**	**67 774**
EQUITY				
Share capital	1 510 000	1 510 000	96 507	96 507
Share premium	227 273	227 273	14 525	14 525
Statutory capital reserve	37 759	37 759	2 413	2 413
Retained earnings	1 663 132	3 763 215	106 294	240 513
Total equity	**3 438 164**	**5 538 247**	**219 739**	**353 958**
TOTAL LIABILITIES AND EQUITY	**4 600 156**	**6 598 675**	**294 003**	**421 732**

Separate statement of comprehensive income of Olympic Entertainment Group AS

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Revenue				
Sales revenue	16 034	21 369	1 025	1 366
Other income	1 788	202	114	13
Total revenue	**17 822**	**21 571**	**1 139**	**1 379**
Expenses				
Cost of materials, goods and services used	-7 653	-12 387	-489	-792
Other operating expenses	-8 944	-22 373	-571	-1 430
Personnel expenses	-17 656	-30 649	-1 128	-1 959
Depreciation and amortisation	-4 726	-4 655	-302	-298
Other expenses	-13 670	0	-874	0
Total expenses	**-52 649**	**-70 064**	**-3 364**	**-4 479**
Operating loss	**-34 827**	**-48 493**	**-2 225**	**-3 100**
Financial income and expenses				
Financial income and expenses on investments in subsidiaries	-2 094 664	-1 146 270	-133 873	-73 260
Interest income	95 306	82 276	6 091	5 258
Interest expense	-64 545	-44 318	-4 126	-2 832
Foreign exchange gain(loss)	-961	1 556	-61	99
Financial income and expenses on financial	0	0	0	0
Total financial income and expenses	**-2 064 864**	**-1 106 756**	**-131 969**	**-70 735**
NET LOSS FOR THE PERIOD	**-2 099 691**	**-1 155 249**	**-134 194**	**-73 835**
COMPREHENSIVE LOSS FOR THE PERIOD	**-2 099 691**	**-1 155 249**	**-134 194**	**-73 835**

Separate statement of cash flows of Olympic Entertainment Group AS

	(EEK '000)		(EUR '000)	
	2009	**2008**	**2009**	**2008**
Cash flows from operating activities				
Net loss for the period	-2 099 691	-1 155 249	-134 194	-73 835
Adjustments for				
Depreciation and amortisation	4 726	4 655	302	298
Loss on disposal of non-current assets	1 517	0	97	0
Changes in fair value of investment property	110	-202	7	-13
Gain/loss on investments in subsidiaries	2 094 664	1 146 270	133 873	73 260
Net other financial income and expenses	-29 800	-37 231	-1 904	-2 379
Change in receivables and prepayments related to operating activities	-11 551	-36 862	-738	-2 356
Change in liabilities and prepayments related to operating activities	40 175	39 965	2 567	2 554
Interest paid	-18 397	-6 001	-1 176	-384
Net cash used in operating activities	**-18 247**	**-44 655**	**-1 166**	**-2 855**
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets	0	-755	0	-48
Proceeds from sale of investment property	1 244	0	80	0
Acquisition of subsidiaries	-18 467	-5 104	-1 180	-326
Loans granted	-132 093	-581 748	-8 443	-37 180
Repayment of loans granted	162 824	105 591	10 406	6 748
Interest received	403	1 008	26	64
Dividends received	0	75 677	0	4 837
Net cash used in investing activities	**13 911**	**-405 331**	**889**	**-25 905**
Cash flows from financing activities				
Proceeds from loans received	95 128	790 544	6 080	50 525
Repayment of loans received	-33 245	-254 652	-2 125	-16 275
Dividends paid	0	-75 500	0	-4 825
Net cash from financing activities	**61 883**	**460 392**	**3 955**	**29 425**
NET CASH FLOW	**57 547**	**10 406**	**3 678**	**665**
Decrease/increase in cash and cash equivalents	**57 547**	**10 406**	**3 678**	**665**
Cash and cash equivalents at beginning of period	**22 860**	**11 673**	**1 461**	**746**
Effect of exchange rate fluctuations	-368	781	-24	50
Cash and cash equivalents at end of period	**80 039**	**22 860**	**5 115**	**1 461**

Separate statement of changes in equity of Olympic Entertainment Group AS

(EEK '000)	Share capital	Share premium	Statutory capital reserve	Retained earnings	Total
At 31 December 2007	**1 510 000**	**227 273**	**19 444**	**5 009 620**	**6 766 337**
Interests in companies under control or significant influence:					
Carrying amount under the fair value method					-6 109 123
Carrying amount under the equity method					1 624 367
Adjusted unconsolidated equity at 31 December 2007					**2 281 581**
Net loss for the year	0	0	0	-1 155 249	-1 155 249
Statutory capital reserve	0	0	18 315	-18 315	0
Options	0	0	0	2 659	2 659
Dividends paid	0	0	0	-75 500	-75 500
At 31 December 2008	**1 510 000**	**227 273**	**37 759**	**3 763 215**	**5 538 247**
Interest in companies under control or significant influence:					
Carrying amount under the fair value method					-4 893 431
Carrying amount under the equity method					1 105 064
Adjusted unconsolidated equity at 31 December 2008					**1 749 880**
Net loss for the period	0	0	0	-2 099 691	-2 099 691
Options	0	0	0	-392	-392
At 31 December 2009	**1 510 000**	**227 273**	**37 759**	**1 663 132**	**3 438 164**
Interests in companies under control or significant influence:					
Carrying amount under the fair value method					-3 274 985
Carrying amount under the equity method					1 008 663
Adjusted unconsolidated equity at 31 December 2009					**1 171 842**

(EUR '000)	Share capital	Share premium	Statutory capital reserve	Retained earnings	Total
At 31 December 2007	**96 507**	**14 525**	**1 243**	**320 173**	**432 448**
Interests in companies under control or significant influence:					
Carrying amount under the fair value method					-390 444
Carrying amount under the equity method					103 816
Adjusted unconsolidated equity at 31 December 2007					**145 820**
Net loss for the year	0	0	0	-73 835	-73 835
Statutory capital reserve	0	0	1 170	-1 170	0
Share options	0	0	0	170	170
Dividend distribution	0	0	0	-4 825	-4 825
At 31 December 2008	**96 507**	**14 525**	**2 413**	**240 513**	**353 958**
Interests in companies under control or significant influence:					
Carrying amount under the fair value method					-312 747
Carrying amount under the equity method					70 626
Adjusted unconsolidated equity at 31 December 2008					**111 837**
Net profit for the period	0	0	0	-134 194	-134 194
Share options	0	0	0	-25	-25
At 31 December 2009	**96 507**	**14 525**	**2 413**	**106 294**	**219 739**
Interests in companies under control or significant influence:					
Carrying amount under the fair value method					-209 310
Carrying amount under the equity method					64 465
Adjusted unconsolidated equity at 31 December 2009					**74 894**

Signatures of the Management and Supervisory Boards to the Annual Report 2009

The Management Board has prepared the management report, the consolidated financial statements and the profit allocation proposal of Olympic Entertainment Group AS for 2009.

6 April 2010

Indrek Jürgenson
Member of the Management Board

Kristi Ojakäär
Member of the Management Board

The supervisory board has reviewed the annual report prepared by the management board and has approved its presentation to the general meeting of the shareholders.

Armin Karu
Chairman of the
Supervisory Board

J. Korpusov.

Jaan Korpusov
Member of the
Supervisory Board

Liina Linsi
Member of the
Supervisory Board

Peep Vain
Member of the
Supervisory Board

AS PricewaterhouseCoopers
Pärnu mnt. 15
10141 Tallinn
Estonia

Telephone +372 614 1800
Facsimile +372 614 1900
www.pwc.ee

INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)*

To the Shareholders of Olympic Entertainment Group AS

We have audited the accompanying consolidated financial statements of Olympic Entertainment Group AS and its subsidiaries (the Group) which comprise the consolidated statement of financial position as of 31 December 2009 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Board's Responsibility for the Financial Statements

Management Board is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Tiit Raimla
AS PricewaterhouseCoopers

Stan Nahkor
Authorised Auditor

7 April 2010

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

Proposal for covering loss

	EEK	EUR
Accumulated losses of prior periods	-32 380 401	-2 069 485
Net loss for 2009	-513 069 591	-32 791 123
Total retained losses as at 31 Decenber 2009	**-545 449 992**	**-34 860 608**

The Management Board proposes to cover retained losses from future profits.

6 April 2010

Indrek Jürgenson
Member of the Management Board

Kristi Ojakäär
Member of the Management Board

Areas of activity of the parent (EMTAK 2008)

Areas of activity in the reporting period	(EEK '000) **2009**	(EUR '000) **2009**
Advisory services (70221)	7 734	494
Equipment rental (77399)	8 300	530
Total	**16 034**	**1 024**

Areas of activity planned for 2010
Advisory services (70221)
Equipment rental (77399)