



**Unibet Group plc**  
**Year-end report January - December 2004**

- Turnover for the fourth quarter 2004 amounted to GBP 67.2 (42.4) million and for the full year 2004 to GBP 212.0 (143.5) million.
- Gross Winnings amounted to GBP 8.3 (5.7) million for the fourth quarter and GBP 24.8 (13.0) million for the full year 2004. Gross Winnings Margin was 12.3 (13.5) per cent and 11.7 (9.1) per cent for the same periods, respectively.
- Profit after tax for the fourth quarter increased to GBP 3.1 (2.2) million. Profit after tax for the full year 2004 increased to GBP 8.9 (2.9) million.
- Earnings per share were GBP 0.491 (0.387) for the fourth quarter and GBP 1.482 (0.518) for the full year 2004.
- Continued strong positive cash flow in fourth quarter of GBP 5.8 (3.1) million and GBP 19.8 (3.7) million for the full year 2004.
- The Board proposes a dividend of SEK 9.00 per ordinary Share/SDRs.
- AGM to be held on 26 April, 2005.
- Plans unveiled today for new mobile gambling platform.

*"I am proud to present a solid fourth quarter and full year result for Unibet Group Plc and I am particularly pleased as this is our first year as a listed company."*

*"It is encouraging to see that key business drivers like turnover, gross win and active customers have grown in all geographical segments, both in sports betting and non-sports betting."*

*"2004 has been a memorable year, where we almost doubled the gross win over the previous year while listing the company on the Stockholm Stock Exchange and at the same time introducing new products like Supertoto and Poker", comments Pontus Lesse CEO of Unibet.*

Today, Wednesday 16 February 2005, Unibet's CEO Pontus Lesse will host a presentation in Swedish at FinancialHearings, Operaterrassen in Stockholm at 12.00 CET. Please go to [www.financialhearings.com](http://www.financialhearings.com) to sign in.

	Q 4				Full year			
	2004		2003		2004		2003	
<b>Turnover, GBPm/SEKm<sup>1)</sup></b>	67.2	852.2	42.4	538	212.0	2,690.6	143.5	1,821
<b>Gross Winnings, GBPm/SEKm<sup>1)</sup></b>	8.3	105.0	5.7	72.3	24.8	314.3	13.0	165.0
<b>Profit after tax, GBPm/SEKm<sup>1)</sup></b>	3.1	39.0	2.2	27.9	8.9	112.3	2.9	35.6
<b>Earnings per share<sup>2)</sup>, GBP/SEK<sup>1)</sup></b>	0.491	6.23	0.387	4.91	1.482	18.81	0.518	6.57
<b>Registered customers</b>	351,000		256,000		351,000		256,000	

<sup>1)</sup> Currency rate 1GBP=12.69 SEK

<sup>2)</sup> The number of shares has been re-stated to reflect the consolidation of the nominal value per share to GBP 0.02, and the new numbers of options in existence.

**About Unibet**

Unibet was founded in 1997 and is a Swedish owned gambling company with its headquarters in London. In June 2004, Unibet Group plc listed on Stockholmsbörsen's O-list. Today Unibet, being the only publicly-listed, and one of the largest privately owned gambling operators in the Nordic market, provides services in 12 languages through [www.unibet.com](http://www.unibet.com). Unibet has more than 350,000 customers in over 100 countries. Unibet is a member of the EBA, European Betting Association.

Unless otherwise stated, the following information is for the Group as a whole.

#### **Significant events during the fourth quarter 2004**

The Swedish Supreme Administrative Court announced in a decision on 26 October 2004 that the Swedish Lottery Act is in accordance with EU-legislation. At the same time the EU Commission in a formal communication, questioned the Swedish and the Norwegian State's sole right on operating slot machines. "The monopoly is against the EU treaty on free movement", says the Commission.

On 15 November, under the rules of Unibet's option schemes no. 3 and 4 for senior executives, 7,500 share options were exercised. The number of ordinary shares in issue following this exercise was 6,270,298 with a par value of GBP 0.02. In connection with this exercise, Unibet has received GBP 45,050, which has been taken to equity, in full.

In December 2004, the Company was subject to legal proceedings, for unlawful competition, from a German operator holding a licence valid in Germany. This has been refuted by the Company.

#### **Significant events after the period end**

With effect from 1 January 2005, Unibet Group plc has been moved up to the Attract40 segment on Stockholmsbörsen, Stockholm Stock Exchange.

On 25 January 2005, Unibet's CEO, Pontus Lesse, announced that he wishes to leave his appointment at the end of 2005. Recruitment of a new CEO has already begun.

#### **Court case**

In December 2003, the Company filed a claim under Swedish private law against the Swedish state, claiming that the Company should be allowed to promote its online business in Sweden. On 8 October 2004, the Court of Appeal rejected Unibet's request for a provisional decision on marketing in the interim, while the main claim is continuing in the District Court. A preliminary hearing took place on 26 October 2004. Main hearings are planned for first quarter of 2005, with a possible judgement by mid-2005.

#### **Market**

Gambling can be divided into games of skill (Sports betting, Horse racing, Poker, etc.) and games of chance (Roulette, Black Jack, Slot machines, Lotto, etc.) The gambling market can also be divided into online (Internet) and offline (betting shops, casinos) gambling. Online gambling is now billed as one of the most important Internet businesses. Besides sports betting, which has enjoyed first mover advantage in the online arena and been the driver of online gambling, other areas such as casino games, poker and lotteries are expanding into this area.

#### **Current products**

##### **Sports betting**

Unibet's sports betting service offers a comprehensive range of odds on a variety of international and local sports events, to a worldwide customer base 24 hours a day, 7 days a week. Bets are placed via Unibet's site, [www.unibet.com](http://www.unibet.com).

The majority of this business is largely determined by the seasons for key sports such as the major football leagues in Europe, major golf and tennis tournaments as well as ice hockey leagues in the Nordic countries. The seasonality of these events results in fluctuations in the Group's quarterly performance, especially in terms of turnover. However, quarterly results can also vary widely, due to the volatility of gross winnings margins.

Apart from the regular football leagues, other popular sports during the quarter included the Women's Handball European championship. October 2004 saw the highest turnover so far for sports betting in a single month with GBP 25 million. Highest turnover in a single day was on 3 October 2004 with over GBP 2.1 million. This is due to continued growth rather than any one-off events.

**Non-sports betting**

Unibet's non-sports betting consists of poker and 18 different online casino products including table games such as Roulette, Black Jack, Caribbean Stud and Baccarat. On average 2,000 customers per day are playing in the casino.

In September 2004 Internet poker was launched and has been a great success. By the end of the year over 40,000 customers had downloaded the software. The Unibet poker school has received a great interest with over 9,000 downloads during the fourth quarter 2004. As per 31 January 2005, over 50,000 poker customers were registered.

During the third quarter 2004, Unibet Group plc acquired 23 per cent of B2B Poker (Sweden) AB, the joint venture vehicle being used to maintain the poker network, and has an option to increase its ownership in the future to approx. 36 per cent of the votes and shares. This investment in the associated company is accounted for using the equity method.

**Plans for a new mobile gambling platform**

Unibet will launch a new mobile gambling platform during the Spring. The solution is browser-based and will work in all mobile devices supporting GPRS (2.5G) or 3G. It will work on 95 per cent of all mobile phones in the market and the aim is to offer all of Unibet's products on this platform by the end of the year.

**Financial review**

As with all previous quarterly reports, the financial statements have also been presented in accordance with International Financial Reporting Standards, and the Accounting policies remain unchanged from last year.

The core sports betting business of Unibet has grown continually over the past four financial years. The growth is experienced across all Unibet's geographical markets.

The introduction of non-sports betting products has strongly contributed to Unibet's results and has helped to smooth out the seasonal effects and volatility of sports betting.

**Turnover**

Turnover from Unibet's core sports betting business has continued to grow in the fourth quarter and amounted to GBP 64.0 (41.2) million. For the full year 2004 sports betting turnover amounted to GBP 203.2 (142.3) million.

Non-sports betting, primarily the casino introduced in November 2003, and poker, launched in September 2004, saw a strong turnover amounting to GBP 3.2 (1.2) million for the fourth quarter and GBP 8.9 (1.2) million for the full year 2004. Of the non-sports betting turnover, poker represents 50 per cent for the fourth quarter and 21 per cent for the full year 2004.

Total turnover for the fourth quarter amounted to GBP 67.2 (42.4) million and for the full year 2004 to GBP 212.0 (143.5) million.

In Sweden, total turnover grew by 28 per cent during the fourth quarter compared to the same period last year. Total turnover for the rest of the Nordic countries grew by over 30 per cent. In "Other", Special trading showed an increase in turnover compared to the previous quarter.

**Turnover by market and business segment**

(based on country of residence of customer)

GBP thousand

	Q4 2004			Q4 2003			Full year 2004			Full year 2003		
	Sports Betting	Non-Sports Betting	Total	Sports Betting	Non-Sports Betting	Total	Sports Betting	Non-Sports Betting	Total	Sports Betting	Non-Sports Betting	Total
Sweden	22 591	2 163	24 754	18 567	760	19 327	75 438	5 492	80 930	66 192	760	66 952
Rest of Nordic	12 644	732	13 376	9 914	313	10 227	43 643	2 410	46 053	35 392	313	35 705
Other	28 741	284	29 025	12 713	133	12 846	84 091	950	85 041	40 752	133	40 885
Total	63 976	3 178	67 154	41 194	1 206	42 400	203 172	8 851	212 023	142 336	1 206	143 542

The turnover of casino reflects an adjustment in the presentation of casino revenue. Since 1 September 2004, these are shown net of all transaction costs. Therefore the last four months of casino turnover equal the last four months of gross winnings.

**Gross winnings**

Gross winnings on sports betting represent the net receipt of bets and payouts within the consolidated entity for the financial period. For the non-sports betting segment, gross winnings from 1 September equate to turnover. Transaction costs and commissions payable to the operator were shown as costs of sale for casino, for the first 8 months of the year.

Non-sports betting gross winnings have increased to GBP 3.3 million in the fourth quarter from GBP 2.0 million in the third quarter 2004, mainly due to the launch of poker. Of the non-sports betting gross winnings poker represents 49 per cent for the fourth quarter and 22 per cent for the full year 2004.

**Gross winnings by market and business segment**

(based on country of residence of customer)

GBP thousand

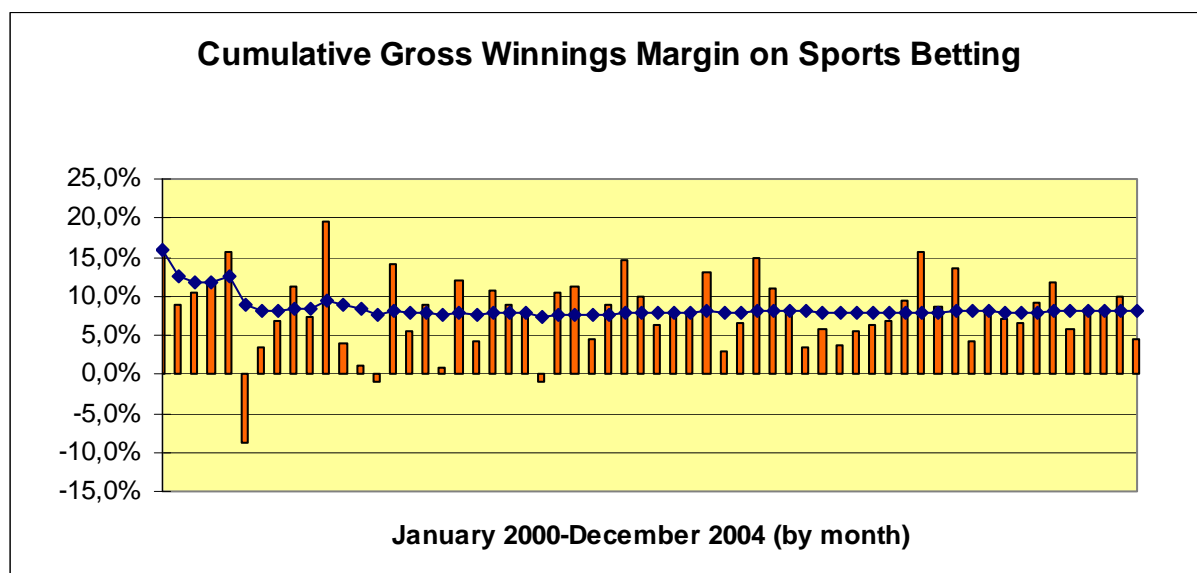
	Q4 2004			Q4 2003			Full year 2004			Full year 2003		
	Sports Betting	Non-Sports Betting	Total	Sports Betting	Non-Sports Betting	Total	Sports Betting	Non-Sports Betting	Total	Sports Betting	Non-Sports Betting	Total
Sweden	2 148	2 219	4 367	2 510	684	3 194	7 686	5 173	12 859	7 315	684	7 999
Rest of Nordic	1 277	750	2 027	1 260	282	1 542	4 343	2 246	6 589	3 170	282	3 452
Other	1 591	290	1 881	867	120	987	4 433	883	5 316	1 433	120	1 553
Total	5 016	3 259	8 275	4 637	1 086	5 723	16 462	8 302	24 764	11 918	1 086	13 004

**Customers**

The total number of registered customers has continued to increase during the quarter and exceeded 351,000 at 31 December 2004, whilst at 30 September 2004, 319,000 customers were registered. At 31 December 2004 the number of active customers amounted to 79,655 compared with 68,497 at 30 September 2004. An Active customer is defined as one placing a bet in the last three months.

### Gross winnings margin on sports betting

The gross winnings margin for sports betting for the fourth quarter 2004 was 7.8 (11.3) per cent. Gross winnings margins can vary quite significantly from one quarter to the next, depending on the outcome of sporting events, i.e. not always as predicted. However, over time these margins will even out and calculated from January 2000 to December 2004 demonstrates an average of 8.1 per cent. This can be seen in the table below. The bars show gross winnings margin by month.



### Gross profit

Gross profit for the fourth quarter increased to GBP 8.4 (5.2) million. Gross profit for the full year 2004 doubled to GBP 24.1 (12.0) million.

### Administrative expenses

Administrative expenses include all indirect costs of running the business and are a combination of activity related costs and fixed costs such as marketing, salaries etc. During the fourth quarter 2004, administrative expenses were GBP 4.4 (2.4) million and during the full year 2004 GBP 12.1 (8.2) million. Of the administrative expenses in the fourth quarter, GBP 1.8 (0.4) million were marketing costs and GBP 1.0 (0.6) million were salaries. In the full year 2004, marketing expenses were GBP 4.2 (2.3) million, and salaries were GBP 3.7 (2.5) million. To minimize the impact of VAT in Malta following Malta's accession to the EU on 1 May 2004, the Group has reviewed and restructured its internal transfer pricing arrangements. This has resulted in a negligible additional cost for the Group.

### Profit from operations

Profit from operations for the fourth quarter was GBP 4.0 (2.8) million. Profit from operations for the full year 2004 was GBP 11.9 (3.8) million.

### Capitalised development expenditure

These results have been prepared under International Financial Reporting Standards, which require the capitalisation of certain development costs. In the fourth quarter 2004, expenditure of GBP 0.2 (0.1) million, has been capitalised, bringing the full year 2004 total to GBP 0.9 (0.6) million.

### Profit after tax

Profit after tax for the fourth quarter was GBP 3.1 (2.2) million. Profit after tax for the full year 2004 was GBP 8.9 (2.9) million.

### Financial position and cash flow

The cash in hand position at the end of the fourth quarter stood at GBP 28.3 (8.6) million while at the beginning of the period it was GBP 22.5 (5.5) million. The Group is completely free of debt. The cash inflow for the fourth quarter was GBP 5.8 (3.1) million. GBP 6.8 (3.5) million arose from operations. It is worth noting that the full IFRS tax charge in 2004 is unlikely to be paid within the next 12 months.

### Employees

Unibet had 109 employees at 31 December 2004, compared to 80 at 31 December 2003.

### Dividend

Trading operations during 2004 generated a much stronger trading performance than anticipated a year ago. In addition, the Company's financial goals have been more than achieved for 2004. An appropriate capital structure has been maintained and therefore the Board of Directors has decided to propose a dividend of SEK 9.00 per ordinary share to be paid to holders of ordinary shares and SDRs.

### Annual General Meeting

Unibet Group plc's Annual General Meeting will be held on Tuesday 26 April 2005, at 16.00 (CET) at Nordic Sea Hotel in Stockholm. The Nomination Committee of Unibet Group plc comprises Anders Ström (chairman), Peter Lindell and Staffan Persson. The chairman of the Board, Mats Sundström has notified the Nomination Committee of his intention not to stand for re-election at the forthcoming Annual General Meeting. Shareholders representing more than 54 per cent of the share capital and voting rights, have confirmed that it is their intention to propose and vote in favour of electing Mr Anders Ström as Chairman of Unibet Group plc at the forthcoming AGM. The Nomination Committee's remaining proposals will be published later.

### Annual Report

Unibet Group plc's Annual Report for the 2004 financial year will be available on the website [www.unibet.com](http://www.unibet.com) as from 24 March 2005.

### Forthcoming financial reporting timetable

Interim Report January – March 2005	11 May 2005
Interim Report January – June 2005	17 August 2005
Interim Report January – September 2005	2 November 2005

London, 16 February 2005

Pontus Lesse  
CEO

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*This report has not been reviewed by Unibet's auditors.*

*Unibet Group plc  
Company number 04049409  
A company registered in England and Wales*

**CONSOLIDATED INCOME STATEMENT****GBP 000**

	<b>Q4 2004</b>		<b>Q4 2003</b>		<b>Full year 2004</b>		<b>Full year 2003</b>	
<b>REVENUE</b>	67 154	42 400			212 023		143 542	
Cost of sales	- 58 779	- 37 197	-	-	187 963	-	131 554	
<b>Gross profit</b>	8 375	5 203			24 060		11 988	
Administrative expenses	- 4 365	- 2 415	-	-	12 121	-	8 214	
<b>PROFIT FROM OPERATIONS</b>	4 010	2 788			11 939		3 774	
Finance costs	-	-	-	-	-	-	25	
Income from investments	202	36			522		113	
<b>Profit before tax</b>	4 212	2 824			12 461		3 862	
Income tax expense	- 1 135	- 671	-	-	3 610	-	982	
<b>PROFIT AFTER TAX</b>	3 077	2 153			8 851		2 880	
Earnings per share (GBP)	0,491	0,387			1,482		0,518	
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	6 266 630	5 559 098			5 972 644		5 559 098	
Fully diluted earnings per share (GBP)	0,476	0,374			1,435		0,475	
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	6 460 273	5 756 573			6 169 153		6 107 449	

The number of shares has been re-stated to reflect the consolidation of the nominal value per share to GBP 0.02, and the new numbers of options in existence.

**CONSOLIDATED BALANCE SHEET**  
**GBP 000**

	<b>31 Dec 2004</b>	<b>31 Dec 2003</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1 164	835
Fixed Asset Investments	270	-
Intangible assets	1 017	657
Deferred tax assets	210	9
Loan to Associate	305	-
	<u>2 966</u>	<u>1 500</u>
<b>Current assets</b>		
Trade and other receivables	846	330
Cash and cash equivalents	28 322	8 555
	<u>29 168</u>	<u>8 885</u>
<b>TOTAL ASSETS</b>	<u><u>32 134</u></u>	<u><u>10 385</u></u>

**EQUITY AND LIABILITIES**

**Capital and reserves**

Share capital	125	111
Share premium	6 632	1 421
Translation reserve	10	9
Merger reserve	1 533	1 533
Accumulated profits	10 612	1 762
	<u>18 912</u>	<u>4 836</u>

**Non-current liabilities**

Deferred tax liabilities	4 166	872
	<u>4 166</u>	<u>872</u>

**Current liabilities**

Trade and other payables	8 553	4 443
Tax liabilities	503	234
	<u>9 056</u>	<u>4 677</u>

**TOTAL EQUITY AND LIABILITIES**

	<u><u>32 134</u></u>	<u><u>10 385</u></u>
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Customer balances	4 858	2 781
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**Reconciliation of movements in equity**  
**GBP 000**

	<b>Full year 2004</b>	<b>Full year 2003</b>
Opening balance	4 836	2 178
Movement in Share Premium	5 211	-
Increase in Share Capital	14	-
Translation differences	1	6
Profit and loss account	8 851	2 880
Closing balance	<u>18 912</u>	<u>4 836</u>



**KEY RATIOS**

	<b>Q4 2004</b>	<b>Q4 2003</b>	<b>Full year 2004</b>	<b>Full year 2003</b>
Operating margin, % (Profit from operations/revenue for the period)	5,97%	6,58%	5,63%	2,63%
Return on equity, % (Profit after tax/average of opening and closing equity for the period)	17,5%	55,6%	74,5%	82,1%
Return on total assets, % (Profit after tax/average of opening and closing assets for the period)	10,5%	23,9%	41,6%	34,2%
Equity/assets ratio, %	59%	47%	59%	47%
Employees at period end	109	80	109	80
Earnings per share (GBP)	0,491	0,387	1,482	0,518
Fully diluted earnings per share (GBP)	0,476	0,374	1,435	0,475
Number of shares at period end	6 270 298	5 559 098	6 270 298	5 559 098
Fully diluted number of shares at period end	6 460 273	5 756 573	6 460 273	5 756 573
Average number of shares	6 266 630	5 559 098	5 972 644	5 559 098
Average number of fully diluted shares	6 460 273	5 756 573	6 169 153	6 107 449

The number of shares has been re-stated to reflect the consolidation of the nominal value per share to GBP 0.02, and the new numbers of options in existence.

**CONSOLIDATED CASHFLOW STATEMENT**  
**GBP 000**

	Q4 2004	Q4 2003	Full year 2004	Full year 2003
<b>OPERATING ACTIVITIES</b>				
Profit/(Loss) from operations	4 010	2 788	11 939	3 774
Adjustments for:				
Depreciation of property, plant and equipment	123	199	506	616
Amortisation of intangible assets	141	97	499	340
Loss on disposal of property, plant and equipment	-	0	-	1
Operating cashflows before movements in working capital	4 274	3 084	12 944	4 731
(Increase)/decrease in receivables	1 159	241	- 821	- 87
Increase/(decrease) in payables	1 599	15	4 110	1 308
Cash generated by operations	7 032	3 340	16 233	5 952
Income taxes paid	- 208	113	- 250	- 18
Interest paid	-	-	-	25
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>6 824</b>	<b>3 453</b>	<b>15 983</b>	<b>5 909</b>
<b>INVESTING ACTIVITIES</b>				
Interest received	202	36	522	113
Sale of trade investment	-	0	-	41
Proceeds of disposal of property, plant and equipment	-	-	-	-
Purchases of property, plant and equipment	- 278	- 34	- 835	- 582
Costs of intangible assets	- 211	- 139	- 859	- 553
Investment in Associate	- 270	-	- 270	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>- 557</b>	<b>- 137</b>	<b>- 1 442</b>	<b>- 981</b>
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings including equity element	-	-	-	1 000
Proceeds from issue of ordinary share capital less IPO costs incurred	- 427	- 228	5 225	- 228
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>- 427</b>	<b>- 228</b>	<b>5 225</b>	<b>- 1 228</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5 840</b>	<b>3 088</b>	<b>19 766</b>	<b>3 700</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>22 477</b>	<b>5 491</b>	<b>8 555</b>	<b>4 917</b>
Effect of foreign exchange rate changes	5	- 24	1	- 62
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>28 322</b>	<b>8 555</b>	<b>28 322</b>	<b>8 555</b>