



Unibet Group plc
Year-end report January - December 2005

- **Gross Winnings Revenue** amounted to GBP 16.3 (8.3) million for the fourth quarter and GBP 43.5 (24.7) million for the full year 2005. **Gross Winnings Margin on Gross Turnover** was 17.5 (12.6) per cent and 15.5 (11.4) per cent for the same periods respectively.
- **Profit from operations** for the fourth quarter increased 87.5 per cent to GBP 7.5 (4.0) million. **Profit from operations** for the full year 2005 increased by 67 per cent to GBP 19.9 (11.9) million.
- **Profit after tax** for the fourth quarter increased to GBP 5.0 (3.1) million. **Profit after tax** for the full year 2005 increased to GBP 13.7 (8.9) million.
- **Earnings per share** were GBP 0.179 (0.123) for the fourth quarter and GBP 0.523 (0.370) for the full year 2005.
- The Board proposes a dividend of SEK 2.25 (2.25) per ordinary Share/SDRs.
- AGM to be held on 10 May, 2006, Stockholm.
- **Number of active customers** by the end of the year was 171 918 (79,655), a 24 per cent increase compared to quarter 3, 2005.
- **MrBookmaker acquisition** finalised and successfully integrated during the quarter as planned.

"Growth and momentum"

"The fourth quarter was a strong end to 2005 with Unibet's best quarterly result ever. We experienced new records in the number of active customers for sports betting as well as casino and poker."

"We have also successfully launched new products such as lotteries and soft games, in line with our business model of the one stop shop."

"During the period, the MrBookmaker business has been integrated 100% into the organisation and the newly enlarged Unibet Group is now very strongly focussed on further growth in Europe with a common brand and a common operating platform", comments Petter Nylander, CEO of Unibet.

Today, Wednesday 15 February 2006, Unibet's CEO Petter Nylander will host a presentation in English at FinancialHearings, Operaterrassen in Stockholm at 9.00 CET.
Please go to www.financialhearings.com to sign in.

	Q 4				Full year			
	2005		2004		2005		2004	
Gross Winnings Revenue, GBPm/SEKm¹⁾	16.3	222.9	8.3	113.5	43.5	594.7	24.7	337.7
Profit from operations, GBPm/SEKm¹⁾	7.5	102.5	4.0	54.7	19.9	272.1	11.9	162.7
Profit after tax, GBPm/SEKm¹⁾	5.0	68.4	3.1	42.4	13.7	187.3	8.9	121.7
Earnings per share²⁾, GBP/SEK¹⁾	0.179	2.45	0.123	1.68	0.523	7.15	0.370	5.06
Registered customers	919,000		351,000		919,000		351,000	
Gross Turnover, GBPm/SEKm¹⁾	92.0	1,257.8	65.8	899.6	276.1	3,774.8	209.3	2,861.5

¹⁾ Currency rate 1GBP=13.672 SEK

Following developments within the industry on the application of IAS 39, revenues are now stated net. Betting transactions are shown net within the revenue line of the income statement, ie stakes less payouts, referred to as gross winnings revenue or, more commonly gross win. The non-sports betting revenues are not affected by this treatment.

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

Significant events during the fourth quarter 2005

In October, the lottery scratch card product Trixx, was released in Norway and Denmark. During the first four days, over 49,000 Trixx cards were sold in Norway and over 37,000 in Denmark. In January Trixx was launched on all other markets.

On 5 October, Unibet appointed PricewaterhouseCoopers as auditors of Unibet Group plc and its subsidiaries, with immediate effect.

On 21 October, Unibet Mobile was launched in Finnish, Italian and English versions.

In December, Unibet soft games were launched. Soft games have been one of MrBookmaker's successful products.

In December, Unibet secured loan facilities with the Royal Bank of Scotland plc, which were drawn down after the year end. These facilities comprise GBP 22.5 million of term loan, principally to re-finance the loan notes arising on the MrBookmaker Group acquisition at favourable rates, and a revolving credit facility of GBP 7.5 million. The facilities are all repayable within 3 years.

On 31 December the migration of the MrBookmaker business onto Unibet's platform was finalised successfully.

Unibet has decided to sponsor the former MrBookmaker.com cycling team and has renamed it the Unibet Cycling Team. Unibet will be investing around 5.2 million euros in the team for the coming year, with an option for an additional two years. The sponsorship will develop awareness of the Unibet brand in Southern Europe where cycling is an extremely popular sport.

Significant events after the period end

Unibet Cycling team won d'Ouverture de Marseillaise in France which is the opening of the European cycling season 2006.

Five new language versions of the website were launched: Russian, Estonian, Hungarian, Greek and Czech.

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 regarded 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 or via mobile phone.

Through Unibet Mobile it is possible to deposit money from credit cards that have been registered on the client's account and users can create/change PIN code directly on the mobile and order SMS results on the bets they place.

The majority of Unibet's 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 and North America. The seasonality of these events results in fluctuations in the

Group's quarterly performance, especially in terms of gross turnover. However, quarterly results can also vary widely, due to the volatility of gross winnings margins. Please refer to page 4.

Non-sports betting

Unibet's non-sports betting consists of poker and 25 different online casino products including table games such as Roulette, Black Jack, Caribbean Stud and Baccarat.

Unibet Games were launched in December 2005 and consist of sport orientated games and entertainment games. The games are a softer version of the casino and are derived from the popularity of lottery- and keno-based games, virtual sports and high/low games. The sport games include Virtual Horse Racing, Goalkeeper Champion and Boxing Champion; the entertainment games include High Low Extreme, Risk It! and Poker Dice.

As per 31 December 2005, Unibet had over 62,000 (11,029) active poker customers.

During the autumn, the TV programme Pokermiljonen's seventeen new episodes were shown on Swedish TV4, TV4+ and TV400. The total number of viewers who watched one or more programmes was more than 2.7 million. The qualification for spring season programmes started on 23 January on www.unibet.com. More information about Pokermiljonen can be found on www.unibet.com/pokermiljonen.

Financial review

The financial statements have been presented in accordance with International Financial Reporting Standards, and the accounting policies remain unchanged from last year, with the exception of two areas:

a) Treatment of sports betting revenue

Following clarification of IAS 39, betting transactions are now shown net, within the revenue line of the income statement, ie. stakes (or gross turnover) less payouts, known as gross winnings revenue. There is no impact on gross profit; however gross win will now be shown in the revenue line, with betting duty deducted to arrive at gross profit. Additional disclosure of gross turnover will be made at the end of the income statement, defined as gross stakes placed on sports betting and net revenues on non sports betting. The non-sports betting revenues are not affected by this treatment.

b) Treatment of free bets (customer bonuses)

The accounting policy for customer bonuses has been changed. In line with best practice, Unibet has removed any impact of customer bonuses from gross winnings revenue and marketing, with the net cost of the free bet remaining in marketing. In the year 2005 gross winnings revenue and marketing were both reduced by GBP 321,000 (2004: GBP 171,000). The 2004 reported figures have been adjusted in line with the new treatment.

With effect from 19 August 2005, MrBookmaker Group (Global Leisure Partners Ltd and its subsidiaries) is consolidated in Unibet's results.

Gross Winnings Revenue

Gross winnings revenue on sports betting represents the net receipt of bets and payouts within the consolidated entity for the financial period. For the non-sports betting segment, gross winnings equate to Gross turnover.

Non-sports betting saw strong gross winnings revenue amounting to GBP 10.3 (3.3) million for the fourth quarter 2005 and GBP 26.1 (8.3) million for the full year 2005. Of the non-sports betting gross winnings in the fourth quarter, poker represents 52 per cent and casino 39 per cent. For the full year, poker represented 57 per cent of non-sports gross winnings.

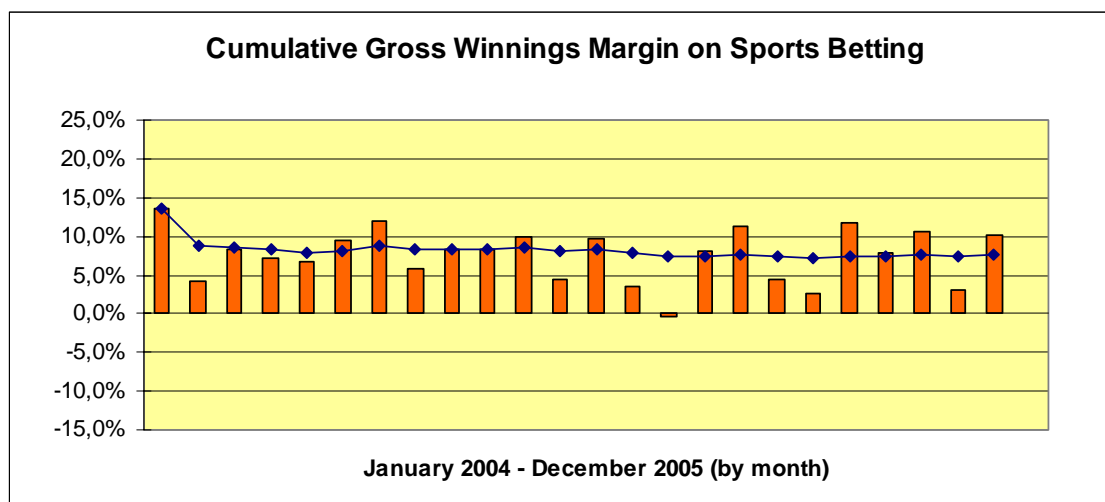
In Sweden, total gross winnings revenue grew by 62 per cent during the fourth quarter compared to the same period last year. Gross winnings revenue for the rest of the Nordic countries grew by over 63 per cent and for Southern Europe by over 380 per cent.

Gross Winnings Revenue by market and business segment
(based on country of residence of customer)
GBP thousand

	Q4 2005			Full year 2005			Q4 2004 (re-stated)			Full year 2004 (re-stated)		
	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	2 014	5 106	7 120	7 156	14 702	21 858	2 174	2 219	4 393	7 696	5 173	12 869
Rest of Nordic	1 205	2 099	3 304	4 112	6 096	10 208	1 276	750	2 026	4 308	2 246	6 554
Southern Europe (France, Italy, Spain)	1 573	1 900	3 473	3 361	3 470	6 831	444	280	724	1 148	849	1 997
Other	1 233	1 146	2 379	2 793	1 825	4 618	1 174	10	1 184	3 289	34	3 323
Total	6 025	10 251	16 276	17 422	26 093	43 515	5 068	3 259	8 327	16 441	8 302	24 743

Gross winnings margin on sports betting

The gross winnings margin for sports betting for the fourth quarter 2005 was 7.4 (8.1) 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 2004 to December 2005 demonstrates an average of 7.6 per cent. This can be seen in the table below. The bars show gross winnings margin by month.



Customers

At 31 December 2005 the number of active customers amounted to 171,918 (79,655) compared with 139,006 at 30 September 2005. An Active customer is defined as one placing a bet in the last three months.

The total number of registered customers has continued to increase during the quarter and exceeded 919,000 (351,000) at 31 December 2005, whilst at 30 September 2005, 757,000 customers were registered.

Gross profit

Gross profit for the fourth quarter increased to GBP 16.1 (8.3) million. Gross profit for the full year 2005 increased to GBP 42.9 (23.9) 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 2005, administrative expenses were GBP 8.5 (4.3) million and during the full year 2005 GBP 23.0 (12.0) million. Of the administrative expenses in the fourth quarter, GBP 3.5 (1.7) million were marketing costs and GBP 2.0 (1.0) million were salaries. In the full year 2005, marketing expenses were GBP 10.2 (4.0) million, and salaries were GBP 5.9 (3.7) million.

Profit from operations

Profit from operations for the fourth quarter was GBP 7.5 (4.0) million. Profit from operations for the full year 2005 was GBP 19.9 (11.9) 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 2005, expenditure of GBP 0.3 (0.2) million, has been capitalised, bringing the full year 2005 total to GBP 1.0 (0.9) million.

Profit after tax

Profit after tax for the fourth quarter was GBP 5.0 (3.1) million. Profit after tax for the full year 2005 was GBP 13.7 (8.9) million.

Financial position and cash flow

The cash in hand position at the end of the fourth quarter stood at GBP 26.0 (28.3) million while at the beginning of the period it was GBP 14.4 (22.5) million.

The cash inflow for the fourth quarter was GBP 11.5 (5.8) million. GBP 13.3 (6.8) million arose from operations.

In December, Unibet secured loan facilities with the Royal Bank of Scotland plc. These facilities comprise GBP 22.5 million of term loan, principally to re-finance the loan notes arising on the MrBookmaker Group acquisition at favourable rates, and a revolving credit facility of GBP 7.5 million. The facilities are all repayable within 3 years.

Employees

Unibet had 175 employees at 31 December 2005, compared to 172 at 30 September 2005.

Dividend

The Board of Directors has decided to propose a dividend of SEK 2.25 (2.25) 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 Wednesday 10 May 2006, at 18.00 (CET) in Stockholm. The Nomination Committee of Unibet Group plc comprises Anders Ström (chairman), Staffan Persson and Andreas Versteegh who were elected at the 2005 AGM.

Annual Report

Unibet Group plc's Annual Report for the 2005 financial year will be available on the website www.unibetgroupplc.com as from 5 April 2006.

Forthcoming financial reporting timetable

Interim Report January – March 2006	10 May 2006
Interim Report January – June 2006	16 August 2006
Interim Report January – September 2006	8 November 2006

London, 15 February 2006

Petter Nylander
CEO

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This report is unaudited and has not been reviewed by Unibet's auditors.

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

About Unibet

Unibet was founded in 1997 and is an online gambling company with its headquarters in London. Since June 2004, Unibet Group plc is listed on Stockholmsbörsen's O-list. Unibet is one of the largest privately-owned gambling operators in the European market and provides services in 17 languages through www.unibet.com. Today, Unibet has more than 919,000 customers in over 100 countries. Unibet is a member of the EBA, European Betting Association.

More information about Unibet Group plc can be found on
www.unibetgroupplc.com

**CONSOLIDATED INCOME
STATEMENT
GBP 000**

	Q4 2005	Q4 2004 (re-stated)	Full year 2005	Full year 2004 (re-stated)
Gross Winnings Revenue	16 276	8 327	43 515	24 743
Betting Duty	-210	-37	-595	-854
Gross profit	16 066	8 290	42 920	23 889
Administrative expenses	-8 543	-4 292	-23 020	-11 969
PROFIT FROM OPERATIONS	7 523	3 998	19 900	11 920
Finance costs	8	12	-610	19
Income from investments	120	202	767	522
Share of Associate's Profit After Tax	53	0	53	0
Profit before tax	7 704	4 212	20 110	12 461
Income tax expense	-2 669	-1 135	-6 391	-3 610
PROFIT AFTER TAX	5 035	3 077	13 719	8 851
Earnings per share (GBP)	0,179	0,123	0,523	0,370
Fully diluted earnings per share (GBP)	0,177	0,119	0,515	0,359
Number of shares at period end	28 125 092	25 081 192	28 125 092	25 081 192
Fully diluted number of shares at period end	28 394 747	25 841 092	28 394 747	25 841 092
Average number of shares	28 125 092	25 066 518	26 223 857	23 890 576
Average number of fully diluted shares	28 394 747	25 841 092	26 640 068	24 676 613
GROSS TURNOVER	91 980	65 824	276 087	209 346

This report is unaudited.

CONSOLIDATED BALANCE SHEET	31 Dec	31 Dec
GBP 000	2005	2004
ASSETS		
Non-current assets		
Property, plant and equipment	1 268	1 164
Fixed Asset Investments	330	270
Intangible assets	7 034	1 017
Goodwill	72 711	-
Deferred tax assets	636	210
Loan to Associate	305	305
	<u>82 284</u>	<u>2 966</u>
Current assets		
Trade and other receivables	3 063	846
Cash and cash equivalents	26 037	28 322
Tax assets	1 740	-
	<u>30 840</u>	<u>29 168</u>
TOTAL ASSETS	<u>113 124</u>	<u>32 134</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	141	125
Share premium	38 720	6 632
Translation reserve	5	9
Merger reserve	1 533	1 533
Profit and Loss Account	20 222	10 613
	<u>60 621</u>	<u>18 912</u>
Non-current liabilities		
Deferred tax liabilities	11 539	4 166
Bank overdrafts and loans	22 250	-
	<u>33 789</u>	<u>4 166</u>
Current liabilities		
Trade and other payables	15 585	8 553
Tax liabilities	3 129	503
	<u>18 714</u>	<u>9 056</u>
TOTAL EQUITY AND LIABILITIES	<u>113 124</u>	<u>32 134</u>

Customer Balances	8 568	4 858
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Reconciliation of movements in equity	Full year	Full year
GBP 000	2 005	2 004
Opening balance	18 912	4 836
Movement in Share Premium	32 088	5 210
Increase in Share Capital	16	14
Dividend Paid	-4 169	0
Translation differences	-4	1
Share Options - Value of Employee Services	59	0
Profit and loss account	13 719	8 851
Closing balance	<u>60 621</u>	<u>18 912</u>

This report is unaudited.

KEY RATIOS

	Q4 2005	Q4 2004	Full year 2005	Full year 2004
Operating margin, % (Profit from operations/revenue for the period)	46.22%	48.01%	45.73%	48.18%
Return on total assets, % (Profit after tax/average of opening and closing assets for the period)	7.1%	10.5%	18.9%	41.6%
Equity/assets ratio, %	54%	59%	54%	59%
Employees at period end	175	109	175	109
Earnings per share (GBP)	0.179	0.123	0.523	0.370
Fully diluted earnings per share (GBP)	0.177	0.119	0.515	0.359
Number of shares at period end	28 125 092	25 081 192	28 125 092	25 081 192
Fully diluted number of shares at period end	28 394 747	25 841 092	28 394 747	25 841 092
Average number of shares	28 125 092	25 066 518	26 223 857	23 890 576
Average number of fully diluted shares	28 394 747	25 841 092	26 640 068	24 676 613

The number of shares has been re-stated to reflect the split of the nominal value per share to GBP 0.005, and the new numbers of options in existence

Operating margin, % (based on Gross Turnover, as per old format)	8.18%	6.07%	7.21%	5.69%
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CONSOLIDATED CASHFLOW STATEMENT			Full year	Full year
GBP 000	Q4 2005	Q4 2004	2005	2004
OPERATING ACTIVITIES				
Profit from operations	7 523	3 998	19 900	11 920
Adjustments for:				
Depreciation of property, plant and equipment	169	123	601	506
Amortisation of intangible assets	615	141	1 119	499
Operating cashflows before movements in working capital	8 307	4 262	21 620	12 925
(Increase)/decrease in receivables	4 581	1 159	1 347	-821
Increase/(decrease) in payables	922	1 599	1 449	4 110
Cash generated by operations	13 810	7 020	24 416	16 214
Income taxes paid	-519	-208	-519	-250
NET CASH FROM OPERATING ACTIVITIES	13 291	6 812	23 897	15 964
INVESTING ACTIVITIES				
Cash acquired upon acquisition	0	0	4 587	0
Cash paid for acquisition	-863	0	-25 326	0
Interest received	120	202	767	522
Interest paid	-105	0	-105	0
Purchases of property, plant and equipment	-189	-278	-619	-835
Costs of intangible assets	-716	-211	-1 460	-859
Investment in Associate	0	-270	0	-270
NET CASH USED IN INVESTING ACTIVITIES	-1 753	-557	-22 156	-1 442
FINANCING ACTIVITIES				
Proceeds from issue of ordinary share capital	0	-427	648	5 225
Dividends Paid	0	0	-4 169	0
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	0	-427	-3 521	5 225
NET INCREASE IN CASH AND CASH EQUIVALENTS	11 538	5 828	-1 780	19 747
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14 386	22 477	28 322	8 555
Effect of foreign exchange rate changes	113	17	-505	20
CASH AND CASH EQUIVALENTS AT END OF PERIOD	26 037	28 322	26 037	28 322
This report is unaudited.				