



**Unibet Group plc**  
**Interim report January – March 2005**

- Turnover for the first quarter 2005 amounted to GBP 64.9 (43.9) million.
- Strong growth in non-sports betting turnover to GBP 4.4 (1.8) million.
- Strong growth in sports betting turnover to GBP 60.5 (42.1) million.
- Gross Winnings amounted to GBP 7.0 (5.2) million for the first quarter 2005.
- Sports betting margin affected because many favourite teams won their matches in the major football leagues.
- Profit after tax for the first quarter 2005 increased to GBP 2.5 (2.1) million.
- Earnings per share were GBP 0.400 (0.369) for the first quarter.
- Continued strong positive cash flow in first quarter of GBP 3.9 (3.6) million.

*"All business areas, Sports Betting, Casino and Poker, have continued to grow during the quarter."*

*"I am particularly pleased with the growth in the number of customers, both registered and active."*

*"However, due to unfavourable outcomes in many sporting events, the sports betting margin was lower than average. Volatility in the sports betting margin is a normal part of the business and will even out in the longer term," comments Pontus Lesse, CEO of Unibet.*

Today, Wednesday 11 May 2005, Unibet's CEO Pontus Lesse will host a presentation in English at FinancialHearings, Operaterrassen in Stockholm at 12.00 CET.  
Please go to [www.financialhearings.com](http://www.financialhearings.com) to sign in.

	Q 1				Full year	
	2005		2004		2004	
<b>Turnover, GBPm/SEKm<sup>1)</sup></b>	64.9	861.9	43.9	583.0	212.0	2,815.4
<b>Gross Winnings, GBPm/SEKm<sup>1)</sup></b>	7.0	93.0	5.2	69.1	24.8	329.3
<b>Profit after tax, GBPm/SEKm<sup>1)</sup></b>	2.5	33.2	2.1	27.9	8.9	118.2
<b>Earnings per share<sup>2)</sup>, GBP/SEK<sup>1)</sup></b>	0.400	5.31	0.369	4.90	1.482	19.68
<b>Registered customers</b>	<b>390,000</b>		<b>275,000</b>		<b>351,000</b>	

<sup>1)</sup> Currency rate 1GBP=13.28 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). Today, Unibet has more than 400,000 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 first quarter 2005**

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.

On 22 March Unibet launched a new mobile gambling platform. The solution works on more than 90 per cent of all mobile handsets in the market. The aim is to offer all of Unibet's products except poker on this platform by the end of the year.

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

During April Unibet completed the production of a TV-format poker tournament, Pokermiljonen. The show will be broadcast on various Nordic TV channels. The participants are a dynamic mix of professional poker players, poker-knowledgeable celebrities and Unibet poker players, who have qualified online. The winner of this Texas Hold'em tournament receives 1,000,000 SEK.

On 26 April 2005, Unibet Group held its Annual General Meeting and approved a dividend of SEK 9.00 to be paid to owners of shares/SDRs. Also at the AGM, Peter Lindell, Johan Lindgren, Peter Boggs, Henrik Tjärnström and Anders Ström were re-elected as directors of the Company. Daniel Johansson was elected as new Director of the Company. Anders Ström was elected Chairman of the Board. All other resolutions as detailed in the Notice of the AGM were passed at the AGM.

In April, Unibet signed an Agreement with G4, Global Gaming Guidance Group, agreeing to comply with their Code of Practice in relation to responsible gambling.

### **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. In 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 also took place in October 2004. Main hearings are now planned for after the summer of 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. Please refer to page 4.

Apart from the regular football leagues, other popular sports during the quarter included the Men's Handball European championship.

### Non-sports betting

Unibet's non-sports betting consists of poker and 21 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. The Unibet poker school has received a great interest with over 14,000 downloads during the first quarter 2005. During the quarter, 28,000 poker customers were added. As per 31 March 2005, over 68,000 customers had registered to play poker.

### Financial review

The financial statements have 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 first quarter and amounted to GBP 60.5 (42.1) million.

Non-sports betting, primarily the casino introduced in November 2003, and poker, launched in September 2004, saw a strong turnover amounting to GBP 4.4 (1.8) million for the first quarter 2005.. Of the non-sports betting turnover, poker represents 54 per cent and casino 46 per cent.

Total turnover for the first quarter 2005 amounted to GBP 64.9 (43.9) million.

In Sweden, total turnover grew by 46 per cent during the first quarter compared to the same period last year. Total turnover for the rest of the Nordic countries grew by 49 per cent.

### Turnover by market and business segment

(based on country of residence of customer)

GBP thousand

	Q1 2005			Q1 2004			Full year 2004		
	Sports Betting	Non-Sports Betting	Total	Sports Betting	Non-Sports Betting	Total	Sports Betting	Non-Sports Betting	Total
Sweden	23 720	2 732	26 452	17 002	1 123	18 125	75 438	5 492	80 930
Rest of Nordic	12 791	1 278	14 069	8 971	477	9 448	43 643	2 410	46 053
Other	23 952	411	24 363	16 123	179	16 302	84 091	950	85 041
Total	60 463	4 421	64 884	42 096	1 779	43 875	203 172	8 851	212 023

### 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 equate to turnover.

Gross winnings for sports betting decreased to GBP 2.6 (3.7) million during the quarter mainly because many favourite teams won their matches in the major football leagues. The gross loss in

“Other” arose mainly from Special trading, where the outcomes of the main sporting events were unfavourable to Unibet, and there was a lower than average gross margin in non-core markets.

Non-sports betting gross winnings have increased to GBP 4.4 (1.6) million in the first quarter, mainly due to the launch of poker in September 2004.

### Gross winnings by market and business segment

GBP thousand

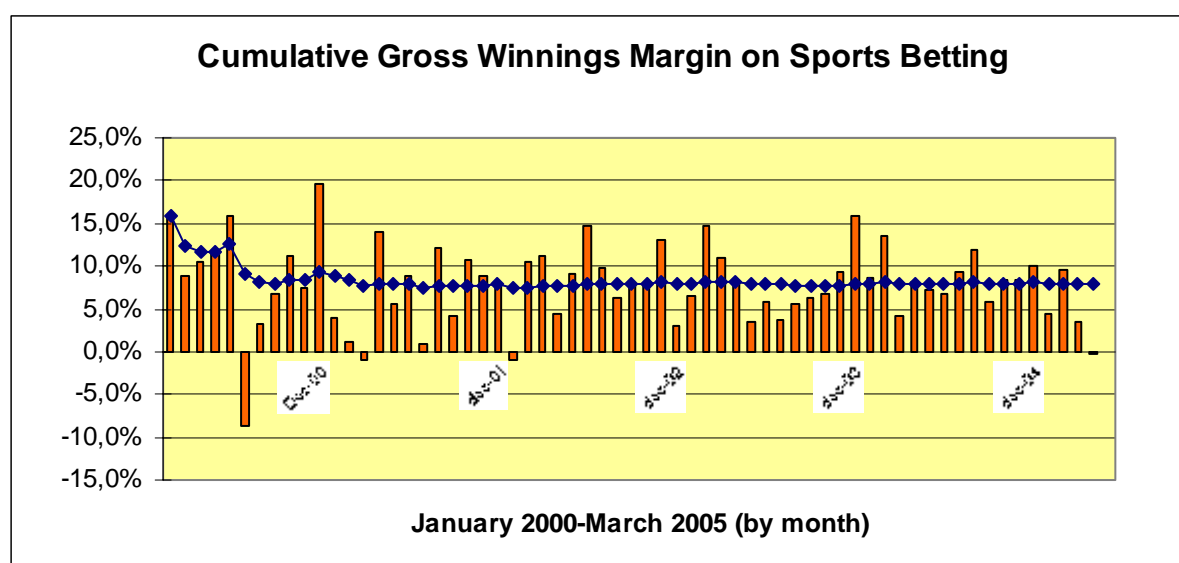
	Q1 2005			Q1 2004			Full year 2004		
	Sports Betting	Non-Sports Betting	Total	Sports Betting	Non-Sports Betting	Total	Sports Betting	Non-Sports Betting	Total
Sweden	1 604	2 732	4 336	2 348	997	3 345	7 686	5 173	12 859
Rest of Nordic	1 021	1 278	2 299	951	424	1 375	4 343	2 246	6 589
Other	-67	411	344	358	159	517	4 433	883	5 316
Total	2 558	4 421	6 979	3 657	1 580	5 237	16 462	8 302	24 764

### Customers

The total number of registered customers has continued to increase during the quarter and exceeded 390,000 at 31 March, whilst at 31 December 2004, 351,000 customers were registered. At 31 March 2005 the number of active customers amounted to 89,752 compared with 79,655 at 31 December 2004. An Active customer is defined as one placing a bet in the last three months. Currently, Unibet has over 400,000 registered customers.

### Gross winnings margin on sports betting

The gross winnings margin for sports betting for the first quarter 2005 was 4.2 (8.7) 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 March 2005 demonstrates an average of 7.7 per cent. This can be seen in the table below. The bars show gross winnings margin by month.



**Gross profit**

Gross profit for the first quarter increased to GBP 6.9 (5.0) 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 first quarter 2005, administrative expenses were GBP 3.6 (2.1) million. Of the administrative expenses in the first quarter, GBP 1.2 (0.7) million were marketing costs and GBP 1.2 (0.7) million were salaries reflecting the expansion of the infrastructure of the Group.

**Profit from operations**

Profit from operations for the first quarter was GBP 3.3 (2.9) million.

**Capitalised development expenditure**

These results have been prepared under International Financial Reporting Standards, which require the capitalisation of certain development costs. In the first quarter 2005, expenditure of GBP 0.2 (0.2) million, has been capitalised.

**Profit after tax**

Profit after tax for the first quarter was GBP 2.5 (2.1) million.

**Financial position and cash flow**

The cash in hand position at the end of the first quarter stood at GBP 32.2 (12.2) million while at the beginning of the period it was GBP 28.3 (8.6) million. The Group is completely free of debt. The cash inflow for the first quarter was GBP 3.9 (3.6) million. GBP 3.9 (3.9) million arose from operations. This cash balance is shown before the payment of the GBP 4.3 million dividend.

**Dividend**

On 4 May a dividend of SEK 9.00 per ordinary share/SDR was paid to owners of shares/SDRs.

**Employees**

Unibet had 116 employees at 31 March 2005, compared to 109 employees at 31 December 2004.

**Forthcoming financial reporting timetable**

Interim Report January – June 2005	17 August 2005
Interim Report January – September 2005	2 November 2005

London, 11 March 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>Q1 2005</b>		<b>Q1 2004</b>		<b>Full year 2004</b>
<b>REVENUE</b>		64 884		43 875	212 023
Cost of sales	-	57 989	-	38 884	187 963
<b>Gross profit</b>		6 895		4 991	24 060
Administrative expenses	-	3 556	-	2 125	12 121
<b>PROFIT FROM OPERATIONS</b>		3 339		2 866	11 939
Income from investments		244		67	522
<b>Profit before tax</b>		3 583		2 933	12 461
Income tax expense	-	1 075	-	880	3 610
<b>PROFIT AFTER TAX</b>		2 508		2 053	8 851
Earnings per share (GBP)		0.400		0.369	1.482
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share		6 270 298		5 559 098	5 972 644
Fully diluted earnings per share (GBP)		0.388		0.357	1.435
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share		6 460 273		5 756 573	6 169 153

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 mar 2005</b>	<b>31 mar 2004</b>	<b>31 dec 2004</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1 109	793	1 164
Fixed Asset Investments	270	-	270
Intangible assets	1 106	758	1 017
Deferred tax assets	210	-	210
Loan to Associate	305	-	305
	<u>3 000</u>	<u>1 551</u>	<u>2 966</u>
<b>Current assets</b>			
Trade and other receivables	1 535	293	846
Cash and cash equivalents	32 168	12 201	28 322
	<u>33 703</u>	<u>12 494</u>	<u>29 168</u>
<b>TOTAL ASSETS</b>	<u>36 703</u>	<u>14 045</u>	<u>32 134</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	125	111	125
Share premium	6 632	1 421	6 632
Translation reserve	2	3	10
Merger reserve	1 533	1 533	1 533
Accumulated profits	13 120	3 815	10 612
	<u>21 412</u>	<u>6 883</u>	<u>18 912</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	4 166	1 638	4 166
	<u>4 166</u>	<u>1 638</u>	<u>4 166</u>
<b>Current liabilities</b>			
Trade and other payables	9 548	5 218	8 553
Tax liabilities	1 577	306	503
	<u>11 125</u>	<u>5 524</u>	<u>9 056</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>36 703</u>	<u>14 045</u>	<u>32 134</u>

Customer Balances	5 557	3 373	4 858
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**Reconciliation of movements in equity**  
**GBP 000**

	<b>31 mar 2005</b>	<b>31 mar 2004</b>	<b>Full year 2004</b>
Opening balance	18 912	4 836	4 836
Movement in Share Premium	-	-	5 210
Increase in Share Capital	-	-	14
Translation differences	- 8	- 6	1
Profit and loss account	2 508	2 053	8 851
Closing balance	<u>21 412</u>	<u>6 883</u>	<u>18 912</u>

**KEY RATIOS**

	<b>Q1 2005</b>	<b>Q1 2004</b>	<b>Full year 2004</b>
Operating margin, % (Profit from operations/revenue for the period)	5.15%	6.53%	5.63%
Return on equity, % (Profit after tax/average of opening and closing equity for the period)	12.4%	35.0%	74.5%
Return on total assets, % (Profit after tax/average of opening and closing assets for the period)	7.3%	16.8%	41.6%
Equity/assets ratio, %	58%	49%	59%
Employees at period end	116	88	109
Earnings per share (GBP)	0.400	0.369	1.482
Fully diluted earnings per share (GBP)	0.388	0.357	1.435
Number of shares at period end	6 270 298	5 559 098	6 270 298
Fully diluted number of shares at period end	6 460 273	5 756 573	6 460 273
Average number of shares	6 270 298	5 559 098	5 972 644
Average number of fully diluted shares	6 460 273	5 756 573	6 169 153

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**

	Q1 2005		Q1 2004		Full year 2004
<b>OPERATING ACTIVITIES</b>					
Profit/(Loss) from operations		3 339		2 866	11 939
Adjustments for:					
Depreciation of property, plant and equipment		142		141	506
Amortisation of intangible assets		153		105	499
Operating cashflows before movements in working capital		3 634		3 112	12 944
(Increase)/decrease in receivables	-	689		92	- 821
Increase/(decrease) in payables		995		735	4 110
Cash generated by operations		3 940		3 939	16 233
Income taxes paid		-		-	- 250
<b>NET CASH FROM OPERATING ACTIVITIES</b>		3 940		3 939	15 983
<b>INVESTING ACTIVITIES</b>					
Interest received		244		67	522
Purchases of property, plant and equipment	-	87	-	100	- 835
Costs of intangible assets	-	242	-	206	- 859
Investment in Associate		-		-	- 270
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	-	85	-	239	- 1 442
<b>FINANCING ACTIVITIES</b>					
Proceeds from issue of ordinary share capital		-	-	55	5 225
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>		-	-	55	5 225
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		3 855		3 645	19 766
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		28 322		8 555	8 555
Effect of foreign exchange rate changes	-	9		1	1
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		32 168		12 201	28 322