Probability plc
14 December 2006

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Probability plc ('the Company')

Interim Results

Probability plc, the AIM quoted mobile phone gambling specialist, announces its unaudited interim results for the six months ended 30 September 2006.

Financial highlights

	Six months ended 30 Sep 2006	Six months ended 30 Sep 2005
Turnover	£1,743,000	£287,000
Operating loss before goodwill and exceptional items	£642,000	£29,000
Net cash	£3,497,000	£107,000

Overview

· Established position as a leading fully integrated pure mobile gambling company.

· Rapidly increasing player numbers - 45,456 new U.K. players registered during the six month period (total UK players: 106,648 on 30 Sept 06).

· Distribution achieved on several mobile operator portals in the UK including Three, T-Mobile, Orange and O2 I-Mode.

· Affiliate partnerships established with Victor Chandler, Groupe Partouche and Interactive World plc.

· Development of proprietary mobile gambling platform completed.

· E-Wallet integrated to banking, billing and pre-pay networks.

· New game formats added to portfolio including Bingo, Blackjack and two slots variants.

· Commenced operations under E-Gaming Licence in Alderney.

· Raised £3.7m (net) in August, and admitted to AIM.

· Expects to be profitable and cash generative in the UK in 2007.

Probability's Chief Executive Officer, Charles Cohen, said: "Probability is at the forefront of the new gambling opportunity created by the boom in mobile phone ownership. During the six month period we doubled player numbers and achieved significant operational milestones. Following our fund raising in August, we have sufficient capital to fund our growth plans and to capitalise on our first mover advantage in the U.K. We look forward to strong and rapid growth further as we invest to create greater distribution, new games and more players."

For further information visit www.probabilityplc.com or contact:

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Chairman's Statement

I am delighted to present our maiden interim results for the half year ended 30 September 2006. Having successfully been admitted to trading on AIM in August 2006, I believe the Company is positioned for real growth both in the U.K. and internationally. The Company's intention is to be the leading provider of gambling services for mobile phone users and it is making the investments needed to achieve that goal.

Financial Review

In line with management expectations, Probability is reporting an interim pre-tax loss before exceptional items of £642,000 (2005: £29,000) on a turnover of £1,743,000 (2005: £287,000).

Having raised £3.7m (net) m at the time of its AIM flotation, the Company's cash position at 30 September 2006 was £3,497,000. The Directors do not believe that any additional financing will be required. Importantly, the Company expects to be profitable and cash generative at an operational level in the UK in 2007.

Key performance indicators

It is the Directors intention to update the market on a quarterly basis,

particularly in respect of three key performance indicators ('KPI's'), namely the total number of registered players on our platform at the end of the quarter, the total amount of cash players who have deposited cash during the quarter ("cash depositors") and the amount of gross wagers during the quarter.

1. During the quarter ended 30 September 2006 the Company registered 16,680 new players.
2. The total cash depositors in the quarter ended 30 September 2006 was 10,000
3. The gross value of wagers processed during the quarter ended 30 September 2006 was £3,900,000.

Operating Review

During the period under review the Company continued the build-out of its mobile gambling platform and gaming portfolio, undertook a placing to raise £3.7m and listed on AIM and was granted a full E-Gaming licence by the Alderney Gambling Control Commission.

The Company is focused on continuing to develop its position in the U.K. where it is already a dominant supplier with over 100,000 registered players at the end of September 2006 and distribution through the mobile portals of Three, T-Mobile, Orange and O2 I-Mode. The Company currently supports over 1,700 models of mobile phone and operates monitoring systems enabling us to identify and adapt our technology to new devices within a few days of them entering the market.

The Company has significantly enhanced its customer yield management to target customers with personalised promotional offers designed to support, in a socially responsible manner, many of its KPI's such as deposits, retention and cost of funds.

The Company's most profitable games continue to be Roulette and Bingo!, closely followed by the Nudge7 slot machine, which features a progressive jackpot regularly paying prizes in excess of £5,000. The largest single win in the period was £25,000 on the Union Jackpot slot machine and one customer won a total of £15,000 on Roulette in one evening. The average wager across all games remains in the expected range of under 30p, whilst play periods continue to reflect short "snacking" entertainment as the main impulse for customers.

A portfolio approach to product development means the Company is constantly looking for innovative ways to extend its offering into new gambling formats for mobile customers. During the period the Company released the first ever UK-format Bingo! for mobile phones, two new format slot machines, Money Beach and Union Jackpot, and Professional Blackjack, a full casino rules blackjack.

The Company's strategy for growth in user numbers remains strong distribution partners and pay-for-performance marketing in the U.K. through affiliate network distribution.

Outlook

During the second half of the year the Company expects to complete the planned investment in its platform and operating team as provided for in the business plan. Management anticipates seeing returns on this investment before the end of the current financial year. This will principally be measured and reported to investors by the KPI's of player recruitment, cash depositors and gross wagers.

Management expect the number of registered players to increase, on average, by 10,000 players per month. The number of cash depositors is expected to rise to 13,000 in the quarter ended 31st December 2006 and gross wagers will be above £4,000,000 for the quarter ended 31st December 2006.

The Company has a strong pipeline of new game formats in development ready in the final quarter of the calendar year as well as new distribution opportunities brought about by its 'managed affiliate' programme, which the Company expects to roll out in December. The managed affiliate programme enables the Company to reach a wider audience of distribution partners through a single brand - Lady Luck's - and automated on-line administration of the affiliate scheme. Full details of the managed affiliate programme and Lady Luck's are available on-line at http://www.ladylucks.mobi.

The Company does not accept customers from outside the U.K. and has therefore not been directly affected by the legislative changes facing the internet casino sector operating in the U.S.

In conclusion, I believe Probability is a first mover in mobile gambling. It has the technology, expert knowledge and the vision to become a market leader. I look forward to updating shareholders with our quarterly KPI's ending December 2006 in the New Year.

I would like to thank the whole team for their considerable time and efforts during the period and in helping the Company join AIM.

Graham Thomas Parr
Chairman
14 December 2006

Consolidated profit and loss account for the six months ended 30 September 2006

	Notes	Unaudited Six months ended 30 Sep 2006 £000	Unaudited Six months ended 30 Sep 2005 £000
Turnover		1,743	287
Cost of sales		(1,678)	(105)
Gross profit		65	182
Administrative expenses excluding exceptional items		(707)	(211)
Operating loss excluding exceptional items		(642)	(29)
Operating exceptional items	2	(1,471)	-
Total administrative expenses		(2,178)	(211)
Operating loss		(2,113)	(29)
Net interest		-	-
Loss before tax		(2,113)	(29)
Taxation	3	123	-
Loss for the period		(1,990)	(29)
Loss per ordinary share	4		
Basic		(0.11)p	(0.003)p
Excluding exceptional items		(0.04)p	(0.003)p

Consolidated balance sheet at 30 September 2006

	Notes	Unaudited 30 Sep 2006 £000	Unaudited 30 Sep 2005 £000
Fixed assets			

Intangible assets	5	77	15
Tangible assets	6	61	3
		138	18
Current assets			
Debtors		899	247
Cash at bank		3,497	107
		4,396	354
Creditors:			
amounts falling due within one year		(789)	(212)
Net current assets		3,607	142
Total assets less current liabilities		3,745	160
Creditors:			
amounts falling due after more than one year		-	-
Provisions for liabilities and charges		-	(79)
		3,745	81
Capital and reserves			
Share capital	7	180	105
Share premium	8	3,628	-
Merger reserve	8	(120)	(104)
Other reserves	8	2,970	430
Profit and loss account	8	(2,913)	(350)
Shareholders' funds	9	3,745	81

Consolidated cash flow statement for the six months ended 30 September 2006

	Notes	Unaudited Six months ended 30 Sep 2006 £000	Unaudited Six months ended 30 Sep 2005 £000
Net cash inflow from operating activities	10	(707)	(19)
Returns on investments and servicing of finance			
Net interest received		16	-
Taxation		-	-

Capital expenditure			
Purchase of intangible fixed assets		(27)	(15)
Purchase of tangible fixed assets		(44)	(3)
Net cash outflow from capital expenditure		(71)	(18)
Net cash inflow/(outflow) before financing		(762)	(37)
Financing			
Issue of share capital		3,706	-
Loans		-	-
Net cash inflow from financing		3,706	-
Increase/(decrease) in cash	11	2,944	(37)

Notes to the unaudited interim report

1. Commentary on financial information

Probability plc was incorporated on 26 May 2006 for the purpose of achieving admission to trading on Alternative Investment Market ("AIM") of the existing business of Probability Games Corporation Limited (which was originally established in 2003) and its subsidiaries. On 12 June 2006, Probability plc acquired the entire share capital of Probability Games Corporation Limited by means of a share for share exchange. The transaction qualified as a group reconstruction within the meaning of Financial Reporting Standard 6 " Acquisitions and Mergers", and has been accounted for using the merger accounting method.

This financial information is the first half-yearly results for Probability plc and reflects the results for the period to 30 September 2006. The financial information consolidates the results of Probability plc and all its subsidiary undertakings (the 'Group'), drawn up to 30 September each period.

In the Group financial statements, merged subsidiary undertakings are treated as if they had always been a member of the Group. The results of such subsidiaries are included for the whole period in the year they join the Group. The corresponding figures for the previous period include their results for that

period, the assets and liabilities at the previous balance sheet date and the shares issued by Probability plc as consideration as if they had always been in issue. The balance sheet of Probability Games Corporation Limited and its subsidiaries as at 31 March 2006 and 30 September 2005 are presented as proforma comparatives. Any difference between the nominal value of the shares acquired and those issued by Probability plc to acquire them is taken to reserves.

Under the principles of merger accounting, the assets and liabilities of Probability Games Corporation Limited and its subsidiaries have been brought in at their book values under the accounting policies of Probability plc.

The group has adopted FRS 20 which deals with share based payments. The fair value of share options granted is spread over the period that the company benefits from that grant. The prior year comparative figures have been restated in accordance with the new standard. The effect of FRS 20 was to increase administrative expenses for the period ended 30 September 2006 by £1,470,555. The group's net assets and cash flow statement were unaffected.

The financial information contained in the interim report does not constitute statutory accounts of the company within the meaning of Section 240 of the Companies Act 1985.

2. Operating exceptional items

The operating exceptional item is the share option charge arising under FRS 20. There is no underlying cash flow or financial liability associated with the charge and it does not reduce shareholders' funds.

3. Deferred taxation

Deferred Tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax assets are recognised to the extent that they are recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

4. Loss per ordinary share

The basic loss per ordinary share has been calculated using the loss for the financial period of £1,993,450 (six months to 30 September 2005 - loss of £29,000; year ended 31 March 2006 - loss of £539,679) and the weighted average number of ordinary shares in issue of 17,969,927 (six months to 30 September 2005 - 10,542,640; year ended 31 March 2006 - 12,115,998).

No diluted loss per ordinary share has been disclosed because the conversion of share options would decrease the net loss per share.

5. Intangible fixed assets

Cost	£000
At 1 March 2006	64
Addition	27
At 30 September 2006	91
Amortisation	
At 1 March 2006	0
Charge for the period	14
At 30 September 2006	14
Net book values	
At 30 September 2006	77
31 March 2006	64
30 September 2005	15

6. Tangible fixed assets

	£000
At 1 March 2006	34
Addition	44
At 30 September 2006	79

Amortisation	
At 1 March 2006	8
Charge for the period	10
At 30 September 2006	18
Net book values	
At 30 September 2006	61
31 March 2006	26
30 September 2005	3

7. Share capital

	Number of Shares 000	Share capital £000
Shares issued on group reorganisation	12,116	121
Bonus issue	393	4
Placement of shares	5,461	56
At 30 September 2006	17,970	180

8. Statement of movements on reserves

	Share premium account £000	Merger reserve £000	Other Reserve £000	Profi and los Accoun £00
At 1 April 2006	-	(120)	1,499	(920
Premium on issue of shares	3,628	-	-	
Bonus shares	-	-	-	(3
Share option charge (FRS 20)	-	-	1,471	

Retained loss	-	-	-	(1,990
At 30 September 2006	3,628	(120)	2,970	(2,913

9. Reconciliation of movements in shareholders' funds

	Unaudited Six months ended 30 Sep 2006 £000	Unaudited Six months ended 30 Sep 2005 £000
Loss for the period	(1,990)	(29)
Shares issued	3,685	109
Bonus issue	(3)	-
Share option charge (FRS 20)	1,471	-
Net increase in shareholders' funds	3,163	80
Opening shareholders' funds	582	1
Closing shareholders' funds	3,745	81

10. Reconciliation of operating loss to net cash outflow from operating activities

	Unaudited Six months ended 30 Sep 2006 £000	Unaudited Six months ended 30 Sep 2005 £000
Operating Loss	(1,990)	(29)
Share option charge	1,471	-
Depreciation	24	-
Movement on provision	-	-
(Increase)/decrease in debtors	(110)	9
(Decrease)/increase in creditors	(102)	1

Net cash outflow from operating activities	707	(19)

11. Reconciliation of net cash flow to movement in net funds

	Unaudited Six months ended 30 Sep 2006 £000	Unaudited Six months ended 30 Sep 2005 £000
Increase/(decrease) in cash	2,944	(37)
Cash inflow from increase in debt	-	-
Movement in net debt in the period	2,944	(37)
Opening net funds/(debt)	480	480
Closing net funds	3,424	443

This information is provided by RNS
The company news service from the London Stock Exchange