

27 January 2006

PartyGaming Plc

(“PartyGaming” or the “Company” and, together with its subsidiaries, the “Group”)

Fourth Quarter Key Performance Indicators and Trading Update

Highlights

- **Group revenues up 65% to \$320.3 million (2004: \$194.0 million)**
- **Total active player days up 62% to 15.4 million (2004: 9.5 million)**
- **Yield per active player day in poker ahead 8% to \$17.9 versus Q3**
- **Record number of new poker sign-ups of 229,277 (2004: 181,726)**
- **32% of new poker sign-ups from outside the US (2004: 14%)**
- **Cross-selling blackjack boosted net casino revenues to \$82.3 million (2004: \$10.6 million)**

Commenting on today’s announcement, Richard Segal, Chief Executive, said:

“The Group’s strong performance in the final quarter reflected a record number of poker sign-ups, a seasonal uplift in yield per player in our poker business and the addition of blackjack on the 8th of October 2005. During the quarter, 44% of active PartyPoker.com players also played blackjack, which had a substantial and sustained impact on the profitability of the Group.

“The success of blackjack has transformed our casino business and proved very popular with a large number of our poker players. Our scale has again proved commercially important. Through effective cross-selling to our large customer base we are well on the way to creating the world’s largest online casino.

“PartyGaming’s next major milestone will be the launch of the fully-integrated platform and shared purse in the first half of 2006. We will also launch two new games, one in the first half and another in the second half of 2006. By the end of 2006, we will up the ante again by launching a multi-lingual and multi-currency offering. Marketing a wide range of quality games to an increasingly international customer base is a core part of our strategy that we believe will deliver attractive returns for our shareholders.”

Poker – Key Performance Indicators

Three months to 31 December	2005	2004
Active Player Days	13,022,466	9,323,344
Daily average players	141,549	101,341
Yield per Active Player Day	\$17.9	\$19.1
New real money sign-ups	229,277	181,726
Unique active players during the period	817,200	480,339
Unique active players in December	559,189	323,943
Average daily revenue	\$2,540,230	\$1,937,742

Twelve months to 31 December	2005	2004
Active Player Days	47,403,613	28,216,430
Daily average players	129,815	77,094
Yield per Active Player Day	\$17.5	\$19.1
New real money sign-ups	839,317	596,565
Unique active players during the period	1,340,661	742,398
Unique active players in December	559,189	323,943
Average daily revenue	\$2,274,943	\$1,472,398

During the quarter, net poker revenues (excluding skins) were up by 31% compared with the previous year to \$233.7 million and up by 17% compared with the third quarter. This growth reflected an increase in the number of player sign-ups and an improvement in player yield, as well as the dilutive effect caused by a large number of poker players also playing blackjack which, while increasing their total spend with the Group, reduced their spend on poker.

The Group continued to increase the number of new real money players playing on PartyPoker.com. The record 229,227 new players added during the quarter brought the total number of real money signups for the year to 839,317, comfortably ahead of our target of 800,000. In line with our strategy of diversifying our business geographically, more than 30% of poker sign-ups in the quarter came from outside the US. The strong performance in sign-ups contributed to a 40% year-on-year increase in active player days in the fourth quarter to a record 13,022,466 (2004: 9,323,344).

In line with seasonal trends, yield per active player day increased to \$17.9 versus \$16.6 in the third quarter, again after the offset caused by a large number of poker players also playing blackjack. Average daily revenue in the period increased to \$2.5 million (2004: \$1.9 million), an all time high for a quarter since the launch of PartyPoker.com in August 2001.

Casino – Key Performance Indicators

Three months to 31 December	2005	2004
Active Player Days	2,396,981	161,457
Daily average players	26,054	1,755
Yield per Active Player Day	\$34.3	\$65.1
New real money sign-ups	12,261	10,758
Unique active players during the period	391,336	22,890
Unique active players in December	207,391	12,745
Average daily revenue	\$894,121	\$114,177

Twelve months to 31 December	2005	2004
Active Player Days	2,914,940	657,893
Daily average players	7,986	1,798
Yield per Active Player Day	\$40.7	\$73.9
New real money sign-ups	66,741	54,000
Unique active players during the period	444,005	70,177
Unique active players in December	207,391	12,745
Average daily revenue	\$325,046	\$132,754

Net casino revenues were \$82.3 million in the fourth quarter, substantially ahead of the \$11.0 million achieved in the previous quarter. While the number of sign-ups was consistent with previous quarters, the substantial improvement in performance of the casino business was the result of cross-selling blackjack, through the PartyPoker.com site, from the 8th of October 2005. This resulted in a near fifteen-fold increase in active player days in the quarter to 2.4 million with 44% of all active poker players in the period also playing blackjack. There was a corresponding and expected reduction in yield per active player day to \$34.3 versus \$59.2 in the previous quarter, primarily driven by the lower average spend by players playing blackjack. Driven by the strong performance of blackjack, daily net casino revenue reached an average of \$0.9 million per day compared with an average in the previous year of \$0.1 million.

Overall marketing expenditure increased in the quarter, but distribution expenses for the whole of the second half are expected to represent a similar percentage of revenue as in the first six months of 2005.

Empire Litigation Update

Since 21 November 2005, Empire Online Limited ("Empire") has commenced proceedings against the Group arising out of the transfer of PartyPoker players to PartyGaming's new integrated platform. Such proceedings are likely to be protracted and involve claims for substantial damages. Whilst an amicable resolution to this dispute would be preferable, PartyGaming will vigorously defend the proceedings. Although there is some uncertainty with any litigation, PartyGaming is confident of achieving a successful outcome.

Current Trading

Since the start of the new financial year, trading has remained strong and is in line with the Board's expectations. As anticipated, the level of activity on blackjack has fallen from the very high levels achieved in the first few weeks after launch and, since the pre-close trading update, has stabilised at an average level of over \$0.8 million gross revenue per day.

The Group's preliminary announcement of results for the year ended 31 December 2005 will be made on 28 February 2006.

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Conference call

Friday 27 January 2006

For analysts and investors there will be an opportunity to put questions to Richard Segal, Chief Executive, and Martin Weigold, Group Finance Director, by way of a conference call. The details of the call are as follows:

9.20 am *Please call +44 20 7162 0125 (UK) or +1 866 803 8344 (US)*
Password: PartyGaming
9.30 am *Conference call starts*

A recording of the conference call will be available for a period of seven days from 27 January 2006. To access the recording please dial one of the following replay telephone numbers:

Replay no: +44 20 7031 4064 (available for 1 week) (UK)
Replay passcode: 689970

US Replay no: +1 954 334 0342 (available for 1 week) (US)
Replay passcode: 689970

All times are GMT.