

14 December 2006

PartyGaming Plc

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

Pre-close trading update

Immediately following the passing of the Unlawful Internet Gaming Enforcement Act (the “Act”) on 13 October 2006, the Group ceased to offer real money games to US customers. Whilst the immediate challenges following the passing of the Act were significant, revenues were stabilised quickly and more recently the Group has begun to see improvements in a number of its key performance indicators. Excluding sports betting, gross daily revenue in the last four weeks of trading to 11 December 2006 has averaged approximately \$921,000 per day and overall player volumes have averaged approximately 52,000 active players per day.

Gross daily poker revenues are averaging \$721,000 per day, having hit a low of \$637,000 per day after the Act was passed, reflecting the loss of a number of higher-raking non-US players to privately-owned poker sites that are continuing to offer games to customers in America and therefore, at certain times of the day, may have higher levels of player liquidity. Overall yield per active player day has been affected by the loss of higher-raking players, but this has been partially mitigated by strong levels of new player sign-ups that have averaged over 1,400 per day since the Act was passed.

Gross casino revenue, including bingo and backgammon, has been steady, averaging approximately \$199,000 per day. In sports betting, Gamebookers has averaged daily gross win of approximately \$65,000 per day since its acquisition on 3 August 2006, whilst PartyBets was released in mid-November to a limited number of our customers.

The Group's most important market is now Europe, Middle East and Africa (“EMEA”), representing approximately 80% of total new player sign-ups and 67% of total gross daily revenue. The Americas, which includes Canada, Latin America and South America, account for approximately 15% of total new player sign-ups and 27% of total gross daily revenue. Asia Pacific remains a relatively small contributor to total revenue.

The realignment of the Group's infrastructure is almost complete with staff reductions and other initiatives on track to realise substantial cost savings on an annualised basis. While operating margins fell significantly following the passing of the Act, as customer volumes and revenues grow, operational gearing should allow operating margins to increase. A total of 945 jobs have been made redundant across the Group, representing approximately 41% of the total prior to the Act being passed. The total cash costs associated with the restructuring are expected to remain within the previous guidance given at the time of the Q3 KPI announcement on 20 October 2006. As at 30 November, the Group had total net cash (cash less interest bearing bank debt and overdrafts) of over \$46.0m.

The rapid development of the Group's product base has continued. PartyBets.com is now live and is being progressively marketed to our poker and casino customers. Virtual racing was added to the PartyCasino product range in late November and PartyBingo.com was formally launched in the UK at the beginning of this month. The first of our multi-lingual versions of PartyPoker.com was launched in German on 21 November 2006 with further languages planned over the coming months and a multi-currency offering expected in 2007.

Brian Larcombe and Nigel Kenny have expressed an intention to step down from the Board and this will take effect at the end of the year. The Board would like to thank them for the enormous contribution they have made as non-executive directors of the Company.

The next scheduled announcement will be the Group's preliminary announcement of results for the year ending 31 December 2006 and will be made on 1 March 2007.

Contacts:

PartyGaming Plc

+44 (0)20 7337 0100

Peter Reynolds, Director of Investor Relations
John Shepherd, Director of Corporate Communications

Financial Dynamics

+44 (0)20 7831 3113

Edward Bridges / Juliet Clarke

Conference call

Thursday 14 December 2006

For analysts and investors there will be an opportunity to put questions to Mitch Garber, Chief Executive Officer and Martin Weigold, Group Finance Director, by way of a conference call to be held at 9.00am on Thursday 14 December, 2006. The details of the call are as follows:

Dial-In No: +44 (0) 1452 562 815 (UK)
+1 866 629 0054 (US)
Password: PartyGaming
UK Replay no: +44 (0) 1452 550 000 (available for 1 week)
Replay passcode: 3325254
US Replay no: +1 866 247 4222 (available for 1 week)
Replay passcode: 3325254

All times are Greenwich Mean Time.

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this announcement reflect PartyGaming's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing Authority, PartyGaming undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.