

30 January 2008

PartyGaming Plc

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

Fourth Quarter Key Performance Indicators and Trading update

Fourth quarter highlights– Continuing operations

- **Group revenue* up 52% to \$120.0m (2006: \$78.8m) making \$448.2m for the full year (2006: \$324.7m)**
- **Poker revenue* up 23% to \$72.6m (2006: \$58.8m) making \$288.8m for the full year (2006: \$268.1m)**
- **Casino revenue up 156% to \$42.3m (2006: \$16.5m) making \$143.6m for the full year (2006: \$51.0m)**
- **Sports Betting revenue up 50% to \$5.1m (2006: \$3.4m) making \$15.8m for the full year (2006: \$5.6m)**
- **Clean EBITDA for the full year in 2007 expected to be slightly ahead of current consensus market expectations**
- **Board remains confident about prospects for 2008**

* excluding revenue from skins

Consolidated Key Performance Indicators – Continuing operations

Three months to 31 December	2007	% change versus Q3 2007	% change versus Prior year	2006
Active player days (m)	7.3	11%	30%	5.6
Daily average players (000)	79.1	10%	29%	61.4
Yield per active player day (\$)	16.5	(5%)	18%	14.0
Yield per unique active player in the quarter (\$)	204.4	(10%)	8%	188.7
New real money sign-ups (000)	150.4	16%	(4%)	156.2
Unique active players during the period (000)	587.3	15%	41%	418.0
Average daily revenue (excluding skins) (\$000)	1,304.6	4%	52%	857.1

Group revenues reached \$120.0m in the fourth quarter of 2007, a 52% increase over that achieved in the same period in 2006 and the highest quarterly revenue since the enactment of the Unlawful Internet Gambling Enforcement Act (“UIGEA”) in the US in October 2006. Casino and sports betting were the drivers of net revenue growth in the quarter. Whilst gross poker revenues grew 7% quarter on quarter, a restructuring of the PartyPoints loyalty programme resulted in an increase in the cost of bonuses and PartyPoints as a percentage of gross revenue in the period. In accordance with IFRS, these items are netted from revenue, resulting in a small reduction in net poker revenue versus the previous quarter.

Notwithstanding the above, lower than expected affiliate costs and lower customer bad debts are expected to deliver a greater than anticipated increase in Clean EBITDA margins.

Both the number of unique active players and daily average players across the Group's business grew strongly versus the prior year and the previous quarter reflecting the Group's strategy of increasing the player base through both new player sign-ups as well as continued efforts to improve player retention. New player sign-ups increased by 16% over the previous quarter, and this contributed to an 11% increase in active player days versus the previous quarter to 7.3 million which represented a 30% increase over the fourth quarter of 2006 (2006: 5.6 million).

Consolidated yield per active player day fell 5% quarter on quarter reflecting the restructuring of the Group's customer loyalty programme in the fourth quarter, the full impact of which was partially mitigated by the increasing popularity of the Group's casino products that tend to generate higher yields than poker and sports betting. The year on year growth in yield per active player day of 18% reflects the recovery in yields experienced following the loss of a number of high value players to sites that continue to accept US players following the enactment of the UIGEA in October 2006. The interaction of each of these metrics combined to deliver total average net revenue per day in the fourth quarter of 2007 of \$1,304,600, a 4% increase over the previous quarter and a 52% increase over the fourth quarter of 2006.

Poker

The Group's poker business saw a 13% increase in the number of unique active players versus the previous quarter. Despite the normal seasonal pick-up and a successful reactivation campaign, the restructuring of the Group's loyalty programme, which resulted in a 9% fall in yield per active player day in the period, meant that poker revenue declined by 3% quarter on quarter to \$72.6 million. Further improvements to the loyalty scheme, with a greater focus on rewarding player loyalty rather than just levels of play are expected to result in the rate of bonuses and PartyPoints that are netted from revenue returning to levels seen in the first half of 2007. Since the end of September 2007 the Group has enjoyed strong growth in the numbers of players playing poker on its sites. However, along with a number of competitors, PartyPoker has lost a small amount of market share to those sites that continue to take bets from players located in the US and other countries from which we will not accept players for regulatory reasons. It is estimated that as at 28 January 2008 PartyPoker had an average global market share of 10.2%¹.

Casino

Casino delivered another strong performance in the quarter driven by PartyCasino with total casino revenue of \$42.3m, a 15% increase versus the previous quarter and 156% above the prior year (2006: \$16.5m). New player sign-ups were up 9% quarter on quarter and were double that achieved in the same period the previous year. Cross-selling remained the main source of growth but it is hoped that the launch of a stand-alone marketing campaign for PartyCasino will also increase the number of dedicated casino players. The number of unique active players in the quarter increased by 46% year on year and by 9% versus the previous quarter, reflecting the popularity of the Group's casino games among its poker players. Yield per active player day increased for the fourth consecutive quarter to \$39.0, driven by the introduction of new and improved slot machines as well as seasonality.

Sports Betting

The positive trends in sports betting continued into the fourth quarter with total revenue up by 21% over the previous quarter and up by 50% over the previous year to \$5.1m (2006: \$3.4m) on the back of both higher betting volumes and higher gross win margins. Gross win margins in the period increased to 6.0% (Q3 07: 5.6%) and would have been even higher had it not been for some unfavourable Champions League results in December 2007 which impacted most bookmakers. Betting volumes also continued to increase, up by 34% quarter on quarter to \$115.6m due to a concerted marketing push behind PartyBets, seasonality and a substantial increase in the number of live betting opportunities for customers.

As usual, full details of all of the Group's quarterly KPI data by segment is available for download at the Group's website at <http://www.partygaming.com/investor/documentation.html>.

¹ Source: Pokersitescout.com, based on average daily players. Note that data from this source excludes tournaments and does not take into account the value of players

Trading Update

In the 4 weeks ended 28 January 2008, trading has been in line with management's expectations. Average gross daily revenue had increased by 1% from that achieved in the fourth quarter to \$1,681,900 (Q4 07: \$1,661,300). In poker, new player sign-ups averaged 1,341 per day, and there were on average 66,760 active players per day generating average gross daily poker revenue of \$1,021,700, a 5% increase over the fourth quarter of 2007 (Q4 07: \$970,500), with average gross poker revenue exceeding \$1.0 million per day for the first time since the enactment of the UIGEA. Bonuses and PartyPoints deducted from gross revenue are currently tracking between 14% and 15% of gross poker revenue, down from 19% in the fourth quarter. In casino, the amount bet per day showed a small increase from the level seen in the fourth quarter but average gross daily revenue had decreased to \$589,100 (Q4 07: \$615,100) due to a fall in the house win. In sports betting the amount bet per day increased by 9% versus the fourth quarter of 2007 but gross win per day fell by 6% to \$71,100 per day (Q4 07: \$75,700) due to a fall in the gross win margin to 5.2% (Q4 07: 6.0%).

The Group's preliminary announcement of results for the year ended 31 December 2007 will be made on 5 March 2008.

Commenting on the Group's full year revenues and fourth quarter KPIs, Mitch Garber, Chief Executive Officer, said:

"We are delighted to have delivered another strong performance. We continue to build on the four pillars of our strategy: growing the player base, localising the customer offer and broadening the product base whilst acting responsibly and this strategy continues to deliver strong financial results. These results show that we have built a solid platform for growth in the post-UIGEA world and we remain confident about the Group's future prospects."

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Conference call

Wednesday 30 January 2008

For analysts and investors there will be an opportunity to put questions to Mitch Garber and Martin Weigold, Group Finance Director, by way of a conference call at 09.30 GMT. The details of the call are as follows:

Dial-In No: +44 (0) 1452 562 815
Password: PartyGaming
Replay no: +44 (0)1452 550 000 (available for 1 week)
Replay passcode: 29234697#

Appendix

Poker* – Key Performance Indicators – Continuing operations

Three months to 31 December	2007	% change versus Q3 2007	% change versus prior year	2006
Active player days (m)	6.1	9%	33%	4.6
Daily average players (000)	66.0	7%	33%	49.8
Yield per active player day (\$)	12.0	(9%)	(6%)	12.8
Yield per unique active player in the quarter (\$)	150.0	(14%)	(13%)	173.0
New real money sign-ups (000)	118.6	7%	(9%)	130.4
Unique active players during the period (000)	483.8	13%	42%	340.1
Average daily revenue (excluding skins) (\$000)	788.9	(3%)	23%	639.5

*includes Emerging Games segment

Casino – Key Performance Indicators – Continuing operations

Three months to 31 December	2007	% change versus Q3 2007	% change versus prior year	2006
Active player days (000)	1,085.6	8%	66%	654.5
Daily average players (000)	11.8	8%	66%	7.1
Yield per active player day (\$)	39.0	7%	54%	25.3
Yield per unique active player in the quarter (\$)	204.8	6%	75%	117.3
New real money sign-ups (000)	12.3	9%	102%	6.1
Unique active players during the period (000)	206.5	9%	46%	141.2
Average daily revenue (excluding skins) (\$000)	459.8	15%	155%	180.1

Sports Betting – Key Performance Indicators – Continuing operations

Three months to 31 December	2007	% change versus Q3 2007	% change versus prior year	2006
Active player days (000)	844.1	33%	(4%)	883.3
Daily average players (000)	9.2	33%	(4%)	9.6
Yield per active player day (\$)	6.1	(8%)	56%	3.9
Yield per unique active player in the quarter (\$)	68.5	(12%)	29%	53.0
New real money sign-ups (000)	19.4	143%	(2%)	19.7
Unique active players during the period (000)	75.0	40%	15%	65.0
Average daily revenue (\$000)	55.8	23%	49%	37.5