

7 April 2009

PartyGaming Plc

("PartyGaming" or the "Company" and, together with its subsidiaries, the "Group") First Quarter Key Performance Indicators and Interim Management Statement

First quarter highlights

- **Group revenue of \$100.1m (2008: \$128.9m); average daily revenue up 2% versus the previous quarter due to growth in casino and sports betting**
- **Poker revenue of \$53.6m (2008: \$80.7m); average daily poker revenue down 1% versus the previous quarter due to foreign exchange movements and competitive pressures from US-facing sites**
- **Casino revenue¹ of \$40.9m (2008: \$42.3m); average daily casino revenue up 5% versus the previous quarter due to growth in both bet volume and hold**
- **Sports Betting revenue of \$4.5m (2008: \$4.7m); average daily sports betting revenue up 19% versus the previous quarter due to growth in both bet volume and gross win margin**
- **Bingo revenue¹ of \$1.0m (2008: \$1.2m); average daily bingo revenue down 27% versus the previous quarter primarily due to the conclusion of Bingo Night Live in Q4 2008**
- **Clean EBITDA margins remain in-line with full year 2008 performance**
- **B2B strategy well on track with agreements signed with CIRSA, DM Plc and INTRALOT**
- **Non-Prosecution Agreement concluded with United States Attorney's Office for the Southern District of New York ('USAO')**

Commenting on today's announcement, Jim Ryan, Chief Executive Officer, said:

"Total net revenue grew by 2% on a daily basis to \$1,111,800 versus the previous quarter despite continued competitive pressures in poker, further strengthening of the US dollar and a weak macroeconomic environment all continuing to impact performance. We are maintaining our market share in poker and our B2B strategy continues to build with the addition of INTRALOT, one of the world's largest providers of lottery services to governments, to our Italian poker network, that is expected to launch later this quarter, as part of a long-term global agreement.

"Whilst the business environment remains challenging, our strong poker sign-ups together with the addition of 60 new games to our casino by the end of the first half, further B2B deals in the pipeline and our strong control of costs, mean we are well-placed to capitalise on our great products, great brands and strong cashflow. Having successfully resolved our discussions with the US authorities we are actively reviewing consolidation opportunities that, if concluded successfully, are expected to provide new and additional sources of growth."

¹ *Bingo revenue has been reclassified to include casino revenue generated by bingo players. Prior year comparatives have been restated accordingly.*

Consolidated Key Performance Indicators

Three months to 31 March	2009	% change versus Q4 2008	% change versus Prior year	2008
Active player days (m)	6.1	(3%)	(19%)	7.5
Daily average players (000)	67.7	(2%)	(17%)	81.9
Yield per active player day (\$)	16.4	4%	(5%)	17.3
Yield per unique active player in the quarter (\$)	179.9	5%	(12%)	204.1
Real money sign-ups (000)	199.2	19%	16%	171.8
Unique active players during the period (000)	556.2	(5%)	(12%)	631.7
Average net daily revenue (excluding skins) (\$000)	1,111.8	2%	(22%)	1,416.7

The significant strengthening of the US dollar against the euro, pound sterling and Canadian dollar was the primary factor behind the year-on-year fall in Group revenues to \$100.1m in the first quarter of 2009 (2008: \$128.9m). Additional factors contributing to the decline included continued competitive pressures in online poker, in particular from US-facing sites, issues surrounding the Group's loyalty programme, as well as the impact of the consumer slowdown. However, consolidated average daily net revenue increased by 2% versus the previous quarter to \$1,111,800 (Q4 08: \$1,090,800).

Despite the challenging business environment, the Group has continued to add large numbers of new player sign-ups with over 199,000 added during the quarter (2008: 171,800) which was 19% above that achieved in the previous quarter. The number of unique active players fell by 12% versus the prior year due to competitive pressures in poker and by 5% versus the previous quarter, which benefited from the reactivation campaign surrounding the launch of the next generation of partypoker.com.

Consolidated yield per active player day fell by 5% to \$16.4 (2008: \$17.3) reflecting the impact of year-on-year currency movements as well as higher player retention costs due to increased competition. However, yields were up by 4% against the previous quarter which had been impacted by the increased promotional costs around the relaunch of partypoker.com in September 2008.

In poker, we continued to sign-up large numbers of new players and the Group's market share remained robust. Player yields declined year-on-year due to foreign exchange movements as well as increased competitive pressures that have increased promotion-related costs. As expected, bonus rates fell in the first quarter to 18.7% of gross revenue (Q4 08: 23.7%) and as a result yield per active player day increased by 4% versus the previous quarter to \$11.7.

While we have continued to make good progress in increasing the proportion of casino players coming directly to casino as opposed to being cross-sold from poker, the decline in active poker players impacted casino revenue that fell by 3% year-on-year to \$40.9m (2008: \$42.3m). Other drivers included reduced frequency and lower player yields that were both affected by the movement in currencies. Average net daily casino revenue increased by 5% quarter-on-quarter to \$454,800. Sports betting revenue was down by 4% year-on-year to \$4.5m (2008: \$4.7m) due to an increase in bonuses and other fair value adjustments to revenue that increased from 32% to 39% of gross revenue. Against the previous quarter, sports betting revenue was up 15% reflecting an improvement in gross win margin to 5.3% (Q4 2008: 4.6%). Bingo revenue fell year-on-year to \$1.0m (2008: \$1.2m) primarily due to a fall in the number of bingo players.

Material Events, Transactions and Financial Position

As reported in a separate announcement today, the Company has entered into a non-prosecution agreement with the USAO in respect of its activities prior to the enactment of the Unlawful Internet Gambling Enforcement Act in October 2006.

As a result, the Company expects to report a charge to Discontinued operations of between \$100m and \$105m when it reports its interim results for the six months ending 30 June 2009 later in the year.

As at 31 March, the Group had no bank borrowings or other loans and had total cash (and cash equivalents) of \$216.7m against client liabilities (including progressive prize pools) of \$125.5m.

There have been no material events, transactions or changes in the financial position of the Group since the 2008 annual results were announced on 11 March 2009 other than outlined in this statement.

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>.

Contacts:

PartyGaming Plc

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Conference call

Tuesday 7 April 2009

For analysts and investors there will be an opportunity to put questions to Jim Ryan, Chief Executive Officer and Martin Weigold, Group Finance Director, by way of a conference call at 09.30 (British Summer Time). The details of the call are as follows:

Dial-In No: +44 (0)20 8609 1270
Password: PartyGaming Q1 KPIs

Replay (available for 1 week): +44 (0)20 8609 0289
Replay passcode: 259697#

Appendix

Poker (including Emerging Games) – Key Performance Indicators

Three months to 31 March	2009	% change versus Q4 2008	% change versus prior year	2008
Active player days (m)	4.6	(6%)	(25%)	6.1
Daily average players (000)	51.1	(5%)	(24%)	67.4
Yield per active player day (\$)	11.7	4%	(11%)	13.2
Yield per unique active player in the quarter (\$)	135.6	12%	(13%)	156.6
Real money sign-ups (000)	132.7	13%	1%	130.9
Unique active players during the period (000)	395.0	(13%)	(23%)	515.5
Average net daily revenue (excl. skins) (\$000)	595.3	(1%)	(33%)	887.2

Casino – Key Performance Indicators

Three months to 31 March	2009	% change versus Q4 2008	% change versus prior year	2008
Active player days (000)	1,033.9	2%	(9%)	1,138.2
Daily average players (000)	11.5	5%	(8%)	12.5
Yield per active player day (\$)	39.6	(0%)	7%	37.1
Yield per unique active player in the quarter (\$)	198.4	4%	8%	183.4
Real money sign-ups (000)	30.6	27%	94%	15.8
Unique active players during the period (000)	206.4	(2%)	(10%)	230.5
Average net daily revenue (excl. skins) (\$000)	454.8	5%	(2%)	464.4

Sports Betting – Key Performance Indicators

Three months to 31 March	2009	% change versus Q4 2008	% change versus prior year	2008
Active player days (000)	989.1	5%	10%	899.5
Daily average players (000)	11.0	7%	11%	9.9
Yield per active player day (\$)	4.6	12%	(13%)	5.3
Yield per unique active player in the quarter (\$)	42.6	(9%)	(24%)	56.1
Real money sign-ups (000)	33.5	47%	56%	21.5
Unique active players during the period (000)	106.7	29%	27%	84.2
Average net daily revenue (\$000)	50.5	19%	(3%)	52.0

Bingo – Key Performance Indicators

Three months to 31 March	2009	% change versus Q4 2008	% change versus prior year	2008
Active player days (000)	84.0	(14%)	(5%)	88.8
Daily average players (000)	0.9	(18%)	(10%)	1.0
Yield per active player day (\$)	12.0	(17%)	(11%)	13.5
Yield per unique active player in the quarter (\$)	54.9	(18%)	(10%)	60.9
Real money sign-ups (000)	2.5	(26%)	(32%)	3.7
Unique active players during the period (000)	18.4	(12%)	(7%)	19.7
Average net daily revenue (excl. skins) (\$000)	11.2	(27%)	(15%)	13.2