

21 July 2006

PartyGaming Plc

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

Second Quarter Key Performance Indicators and Trading Update

Highlights

- Group revenue up 49% to \$319.3 million (2005: \$214.8 million)
- Active player days in poker up 23% to 14.0 million (2005: 11.4 million)
- Real money poker sign-ups of 232,446 (2005: 186,560), of which 46% were from outside the US (2005: 23%)
- Poker net daily revenue of \$2.7 million per day (2005 : \$2.1 million)
- Casino net daily revenue of \$0.8 million per day (2005 : \$0.1 million)

Commenting on today’s announcement, Mitch Garber, Chief Executive Officer, said:

“I am delighted to announce that PartyGaming’s performance in the three months to 30 June 2006 exceeded expectations with both poker and casino delivering strong performances in the seasonally quieter second quarter. I am particularly pleased by our continued international expansion with 46% of our new real money poker sign-ups and 24% of our overall revenue in the quarter coming from outside the US.

“The development of our fully integrated platform, enabling customers to play a broad variety of games using a single player account and shared purse, has continued apace. PartyGammon, our online backgammon game, was launched on schedule last month, PartyBingo was added this month and other new games will be added to the platform during the fourth quarter.

“Continuing to drive international expansion remains a clear objective and over the coming months we aim to pursue the growth of our non-US business aggressively, particularly in Europe and South America, where we continue to see a number of attractive opportunities.

The KPIs reported below are consistent with the definitions that were agreed at the recent meeting of online gaming companies held in Gibraltar and announced on 6 July 2006.

Poker – Key Performance Indicators

Three months to 30 June	2006	2005
Active player days	13,989,980	11,402,342
Daily average players	153,736	125,300
Yield per active player day	\$17.4	\$17.0
Yield per unique active player in the quarter	\$250.1	\$307.2
New real money sign-ups	232,446	186,560
Unique active players during the period	972,228	630,539
Unique active players in June	601,587	417,533
Average daily revenue (excluding skins)	2,672,450	2,128,546
Six months to 30 June	2006	2005
Active player days	27,946,765	22,343,683
Daily average players	154,403	123,446
Yield per active player day	\$17.9	\$17.8
New real money sign-ups	495,700	400,668
Unique active players during the period	1,249,229	842,382
Average daily revenue (excluding skins)	2,770,388	2,194,652

In the quarter ended 30 June 2006, net poker revenue increased by 21% compared with the previous year to \$243.2 million but was down 6% versus the first quarter, reflecting the seasonal pattern seen in previous years. The Group's marketing effort, across a number of different channels, has continued to drive new real money sign-ups for poker which totalled 232,446 in the period (2005: 186,560), equivalent to 2,554 per day, versus 2,925 per day in the previous quarter. Unique active players also increased strongly, benefiting from the successful reactivation of a number of inactive players during the quarter as well as the addition of players from EmpirePoker.com. Active player days were 23% ahead of the previous year and slightly ahead of the previous quarter, despite the lower frequency of play during the seasonally weaker second quarter.

Our concerted drive into territories outside the US has continued in the second quarter with over 46% of our new real money sign-ups coming from outside the US following a particularly strong take-up in Europe. Over 27% of our poker revenue in the quarter came from outside the US compared with just 15% in the second quarter of 2005 and 24% in the first quarter of the current year.

Yield per active player day was \$17.4 compared with \$18.5 in the previous quarter but was 2% ahead of the same period in 2005, reflecting a reduced amount of time spent playing online during the second quarter. While higher player numbers were unable to offset the impact of the lower yield, resulting in a reduction in average daily revenue (excluding skins) in the quarter to \$2.7 million, this was over 25% ahead of that achieved in the second quarter of 2005.

Casino – Key Performance Indicators

Three months to 30 June	2006	2005
Active player days	2,106,868	164,314
Daily average players	23,152	1,806
Yield per active player day	\$36.1	\$79.7
Yield per unique active player in the quarter	\$222.6	\$488.2
New real money sign-ups	12,734	20,185
Unique active players during the period	341,667	26,823
Unique active players in June	172,629	16,358
Average daily revenue	835,897	143,897
Six months to 30 June	2006	2005
Active player days	4,312,922	333,078
Daily average players	23,829	1,840
Yield per active player day	\$36.9	\$76.4
New real money sign-ups	23,758	34,489
Unique active players during the period	521,158	42,661
Average daily revenue	879,640	140,506

Compared with the previous year, casino revenue in aggregate was up by 481% to \$76.1 million reflecting the introduction of blackjack on to PartyPoker.com in October 2005 and the addition of PartyCasino.com to the integrated platform in February 2006. The amount gambled in our casino business increased substantially to \$4.13 billion, up from \$460 million the previous year. Compared to the previous quarter, the amount gambled declined from \$4.47 billion to \$4.13 billion reflecting a seasonally quieter second quarter and a reduction in the amount gambled on blackjack.

The yield per active player day fell by 4% to \$36.1 from \$37.7 in the first quarter due to seasonality and an increase in bonus rates which averaged 11.9% of gross casino revenue during the second quarter, versus 9.3% in the first quarter. The fall in the yield year on year was attributable to the introduction of blackjack on to PartyPoker.com. PartyCasino.com now has 39 individual games that are live and, despite having had limited marketing support so far, it is already attracting an average of over 23,000 real money players per day.

Consolidated Key Performance Indicators

As previously announced, the Group intends to begin to report KPIs on a consolidated basis to take into account the launch of the integrated platform and shared purse. Going forward PartyGaming will present all of its KPIs on a consolidated basis so that real money sign-ups, daily average players, unique active players, active player days, yield per unique active player and yield per active player day will be provided on a consolidated basis as well as for poker, casino and emerging games separately. The consolidated KPIs for the second quarter 2006 and the comparable period in 2005 are shown below (comparable data for each quarter since the beginning of 2004 is available at www.partygaming.com/investor/documentation.html).

Three months to 30 June	2006	2005
Active player days	14,478,235	11,566,656
Daily average players	159,101	127,106
Yield per active player day	\$22.1	\$17.9
Yield per unique active player in the quarter	\$318.2	\$314.6
New real money sign-ups	245,254	206,745
Unique active players during the period	1,003,599	657,362
Unique active players in June	621,805	433,891
Average daily revenue (excluding skins)	\$3,508,821	\$2,272,443

Six months to 30 June	2006	2005
Active player days	28,840,802	22,676,761
Daily average players	159,341	125,286
Yield per active player day	\$22.9	\$18.6
Yield per unique active player in the period	\$507.8	\$477.6
New real money sign-ups	519,532	435,157
Unique active players during the period	1,301,073	885,043
Average daily revenue (excluding skins)	\$3,650,266	\$2,335,158

Unique active players increased by 53% on the comparable quarter in 2005 to over 1 million players, with substantial increases experienced in all geographic segments. Europe performed particularly strongly with a 237% increase in unique active players to 171,531.

Active player days in the second quarter increased by 25% versus the same quarter in 2005 driven by continued growth in the size of the active player base, partially offset by a small reduction in the average frequency of play.

Yield per active player day in the quarter increased by 23% to \$22.1 reflecting the positive impact from cross-selling higher yielding casino games such as blackjack to PartyPoker players. As a result, average daily revenue increased sharply to \$3.5m per day, up from \$2.3m in 2005.

Current Trading

As we begin the second half, we continue to develop our poker business. The commencement of the World Series of Poker on 25 June 2006, together with the launch of a new multi-million dollar tournament called "Party Poker Monster", which is expected to have the largest ever prize pool online, should both be positive for our poker business over the coming months. While bonus rates in casino are expected to increase from current levels, the marketing launch of PartyCasino.com should benefit the Group in the second half of the year.

Continuing to drive international expansion remains a clear objective and over the coming months we aim to pursue the growth of our non-US business aggressively, particularly in Europe and South America, where we continue to see a number of attractive opportunities.

New Debt Facility

In order to give the Group additional financial flexibility, the Group has replaced its existing \$200 million credit facility with a \$500 million multi-currency revolving credit facility, with the following banks participating: Royal Bank of Scotland, Dresdner Kleinwort, Bank of Scotland, West LB and Commerzbank.

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Video interview with Mitch Garber, Chief Executive Officer

Friday 21 July 2006

A video interview with Mitch Garber covering the KPIs and Group strategy is available from 7.00am today on www.partygaming.com and www.cantos.com.

Conference call

Friday 21 July 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 9.30am on Friday 21 July, 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:	7555664
US Replay no:	+1 866 247 4222 (available for 1 week)
Replay passcode:	7555664

All times are British Summer Time.

Appendix

KPI Definitions

The KPIs reported are consistent with those used previously and with the definitions that were agreed at the recent meeting of online gaming companies held in Gibraltar and announced on 7 July 2006.

Active player days

Aggregate number of days in the given period in which active players have contributed to rake and/or placed a wager. This can be calculated by multiplying average active players by the number of days in the period

Yield per active player day

Net gaming revenue excluding skins in the period divided by the number of active player days in that period

Unique active player

A player who has contributed to rake and/or placed a wager in the period.

Yield per unique active player

Net gaming revenue excluding skins (net of customer bonuses and other fair value adjustments to revenues) divided by the number of unique active players in the period.

Real money sign-up

A new player who has registered and deposited funds into an account with the company. Customers are categorised between lines of business according to where they first register on the gaming site to address the issues posed by shared purse.