



FUN
TECHNOLOGIES

In the Media

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WEEK

SOFTWARE

Liberty Media in control of Fun



Casual gamer: Lorne Abony says Fun is in the fastest growing sector of online gaming

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Liberty Media, the US media group chaired by John Malone, is to make its first foray in the fast-growing UK online gaming market with the purchase of a 51 per cent stake in Fun Technologies for \$195m (£113m).

Fun, listed in Toronto and on Aim in London, specialises in online versions of skill games such as solitaire, chess and sudoku.

While the legality of sports and casino internet betting is unclear in the US, Fun's portfolio of skill-based games means it can operate there without fear of legal action.

Skill game operators have yet to generate the returns of online poker or internet groups such as PartyGaming and 888. However, skill games have a similar growth pattern to internet poker, with the number of players rising at about 30 per cent per quarter.

Liberty is buying 10.5m new Fun shares at 267p and is offering Fun shareholders 360p a share for another tranche of 23m shares, which will lift its stake to 51 per cent. Under the deal, Greg Maffei, Liberty's new chief executive, will take a seat on the Fun board.

Liberty and Fun have been working together on the Gameshow Network (GSN), a US TV network dedicated to game-related programming and interactive game playing.

John Malone, chairman and chief executive of Liberty, said: "We have already been working successfully with Fun through GSN, a relationship which underscores the effectiveness of combining compelling interactive media with television."

He added the group, which owns QVC, the home shopping channel, the Discovery

Channel, and stakes in businesses including News Corporation, would combine Fun's businesses with "Liberty's media assets and expertise in using video to build popular brands and services".

Fun floated at the end of 2003 at 68p. The shares yesterday closed up 33p, or about 12 per cent, at 312½p.

"We call what we do casual gaming," said Lorne Abony, Fun's chief executive, adding that the company provided online arcade games and "card and tile games" such as Scrabble.

Most of Fun's revenues come from so-called white label partners, or content sites that host its games, such as AOL, Last-minute.com, MSN and Virgin. "Our customer profile is very different from other gaming sites," said Mr Abony.

"We are in the middle of the fastest growing sector of online gaming and we have no real competition." Fun is to pursue acquisitions with the cash it receives from the Liberty investment, he added.

Fun will next month launch the first \$1m skill game tournament. The group hopes to emulate a tournament held in 2002 by PartyGaming, which helped start the online poker craze.

Fun Technologies

Share price and index (rebased)



Source: Thomson Datastream