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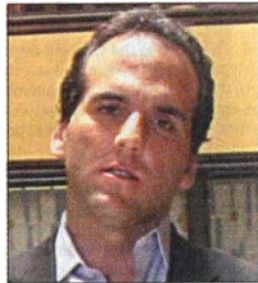
Liberty Media pays US\$195M for a little Fun

51% STAKE IN GAMES FIRM

By MARK EVANS

Serial entrepreneur Lorne Abony and cable-television mogul John Malone are on a mission to empower the couch potato.

Liberty Media Corp., a media empire controlled by Mr. Malone, said yesterday it would pay US\$195-million for a 51% stake in Toronto-based **Fun Technologies PLC**, which offers skilled-based games and



COLIN O'CONNOR FOR NATIONAL POST
Lorne Abony, CEO of Fun.

fantasy sports services on the Internet, television and wireless devices.

A key part of the deal is a plan to put Fun's games, such as trivia, chess and backgammon, on television so that couch potatoes can play along on the Web with a show's contestants.

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Lorne Abony, chief executive of Fun Technologies, now sitting pretty with a US\$195-million investment from media giant Liberty Media.

Latest road to Participation TV

FUN

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Fun is Mr. Abony's third dot-com success. In 1996, Fun's chief executive and Andrew Rifkin created Cryptologic Inc., which makes online gambling software and now sports a market capitalization of \$323-million. Mr. Abony also co-founded Petopia.com with Andrea Reisman in 1999. While the online pet supplies company struggled to survive before it was bought by Petco.com in late 2000, Mr. Abony did well financially by selling his shares to new investors while Petopia raised US\$135-million of private equity.

The marriage of Liberty's television assets and Fun's skill-based games are part of a trend called "Participation TV," which has become popular in the wake of the success of televised poker tournaments. Skill games are also seen to have more potential than poker because they appeal to a broader population and, more importantly, they are legal in the United States even though online and TV participants compete for cash prizes.

For Mr. Abony, Liberty's purchase of a majority stake, which also includes a US\$50-million investment, confirms his optimism about skill games, which involve one-on-one and multiple-player tournaments in which participants pay to play.

Mr. Abony and his partner, Mr. Rifkin, started Fun in 2002 because they believed skill games had more growth potential than online poker and casino games, which are more mature and competitive markets. Fun, which has nine million registered users, distributes its skill games and fantasy sports services through such partners as American Online Inc., eBay Inc. and Microsoft Corp.

The deal with Liberty began a year ago when Fun pitched Liberty on the idea of creating a 30-minute TV show based on its Lingo game, which requires contestants to figure out five-letter words in five guesses or less. The show lets TV viewers play along on the Internet

"It is proof that Participation TV is really compelling," Mr. Abony said. "Liberty got jazzed up about that. We started to spend a lot of time with Liberty and they shared the exact same strategic vision that skill-gaming is booming but the Internet is only one distribution channel."

Under terms of the deal, Liberty will buy 10.5 million shares of Fun for £2.67 each and buy another 23 million shares by offering shareholders £3.60 a share.

Financial Post
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FUN TECHNOLOGIES PLC

Ticker: FUN/LN

Close: £3.12, up 33p

Volume: 3,075,654

Avg. 6-month vol.: 313,333