



FUN
TECHNOLOGIES
PRESS RELEASE

FUN Technologies plc
April 26, 2005

FUN Technologies announces 2005 Q1 results

LONDON, UK – FUN Technologies plc (LSE and TSX: FUN) (“FUN”, or the “the Company”), one of the world’s leading online gaming technology providers, announced today its results for the first quarter ending March 31, 2005.

Q1 2005 Highlights

- Consolidated revenues of £1.5 million, up 176% from fourth quarter, 2004
- SkillJam revenues up 35% from fourth quarter, 2004
- SkillJam signs new licensees, including The Network for Games and Inspired Broadcast Networks, and its customer database reaches 7.5 million
- 50% increase in SkillJam new paid user growth from previous quarter
- Completion of Don Best acquisition, signifying a new revenue stream for the Company, representing 51% of revenue in quarter
- Private placement completed in January, raising net proceeds of approximately £8 million

“The first quarter of 2005 was full of significant accomplishments for FUN”, said Lorne Abony, Chief Executive Officer of FUN. “We have continued to grow our businesses, and expanded on the exceptional corporate momentum built during 2004. In particular, we completed our acquisition of Don Best Sports, and showed improvement across a wide range of metrics.”

“Our market-leading skill gaming subsidiary ‘SkillJam’ continues to grow, with a substantial increase in new paid users in the first quarter of 2005, as well as key licensee signings such The Network for Games and Inspired Broadcast Networks. This, coupled with the fact that we are continually enhancing the skill-gaming platform with new features such as multi-player games, will ensure our continued strength in online skill gaming throughout 2005.”

“FUN Technologies is in a market-leading position in a number of key, rapidly growing sub-sectors of online gaming. As we build the distribution of these products through alternative channels, the competitive advantages embedded in these operating businesses become ever stronger. These ongoing developments—combined with our strong balance sheet, high-quality staff and dedicated management team—make me extremely optimistic about the remainder of what promises to be an exciting, opportunity-filled 2005.”

Strong revenue growth

Consolidated revenue for the quarter grew to £1.5 million, up 176% from the fourth quarter, 2004. This was driven by organic growth at SkillJam, as well as by the addition of the Don Best business. SkillJam’s revenue grew steadily from the previous quarter, to £0.7 million—up 35% from the fourth quarter, 2004.

SkillJam: Significant development

The first quarter saw development at SkillJam across a number of fronts. SkillJam’s revenue growth was fuelled by improved performance across the network, as well as the success of its partnership with AOL—new paid users grew by more than 50% from Q4, 2004.

SkillJam continues to focus on allying itself with top-tier distribution partners, signing two significant agreements in the first quarter. In January, SkillJam signed an exclusive distribution agreement with The Network for Games (“GSN”) to power GSN’s web portal. GSN is jointly owned by Sony Pictures Entertainment and Liberty Media Corporation. Distributed in the U.S. through all major cable systems and satellite providers, it has a reach of 56 million Nielsen homes. Major licensee signings such as GSN have the potential to add meaningful incremental revenue for SkillJam, and should help deepen its already strong pool of player liquidity. Then in April, SkillJam announced an agreement with Inspired Broadcast Networks (“Inspired”), a division of Leisure Link, to become its back-end provider of skill-gaming technology—both online, as well as through Inspired’s network of 8,000 “itbox” terminals, which are located in public venues throughout the UK.

In its bid to ensure that the SkillJam user experience is constantly evolving and increasingly attractive, SkillJam has entered into a licensing agreement with Denmark-based game developer Certus A/S (“Certus”) to operate and distribute Certus’ multi-player games throughout the SkillJam network. Adding multi-player games to SkillJam’s portfolio will help it maintain its technology leadership position.

Don Best acquisition

On January 31, 2005, the Company closed on its acquisition of Don Best Sports (“Don Best”). Founded in 1989 and based in Las Vegas, Nevada, U.S., Don Best (www.donbest.com) is a leading sports information provider. It publishes a wide range of detailed market information via the Internet, enabling its customers to make a more educated wager.

Don Best is a leader in its market segment, and complements FUN’s other gaming divisions. The Company is confident that it can assist the Don Best management team in growing the business through new distribution channels, partners and new geographic markets. The Company believes that the acquisition will create additional value for FUN shareholders.

The overall consideration for the acquisition consisted of the payment of £21.4 million (US\$41 million) in cash, the issuance of 3,240,000 ordinary shares of FUN, and the issuance of a maximum of one million further Ordinary Shares pursuant to an earn-out clause.

Strong balance sheet

The Company heads into the remainder of 2005 with a healthy balance sheet. On February 4, 2005, the Company closed the placing of 4,800,000 new Ordinary Shares at 178 pence (equivalent to C\$4.02) per share (the “Placing”), raising net proceeds of approximately £8 million. The proceeds of the placing will be used to further develop and grow the Company’s skill-gaming business, continue business development, and for general corporate purposes. Furthermore, with the acquisition of Don Best, the Company has now significantly enhanced its ability to generate positive cash flow in the future.

Foundation for future growth

While the first quarter saw substantial growth for FUN, management continues to expand product distribution into alternative distribution channels, such as Inspired’s “itbox” terminals, in order to cement its market leadership for the future.

Annual Meeting

FUN Technologies' Annual Meeting of Shareholders will be held at the offices of Osborne Clarke, 6th Floor, One London Wall, London UK, EC2Y 5EB on May 16, 2005 at 10:00 a.m. GMT.

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About FUN Technologies plc

FUN Technologies plc (formerly "CES Software plc" or "CES") is a leading provider of person-to-person skill gaming, exchange-betting technology and online sports information. FUN's strategy is to provide its cutting-edge, person-to-person gaming systems to top, licensed distribution partners in regulated markets around the world. FUN is a public company, incorporated in England and Wales, and is listed on both the Toronto Stock Exchange and the Alternative Investment Market (AIM) of the London Stock Exchange under the symbol "FUN".

Forward-Looking Statements

This news release may contain forward-looking statements based on current projections and are not guarantees of future performance, and involve certain risks and uncertainties that are difficult to predict. The future results of the Company may differ materially from those expressed in the forward-looking statements contained in this news release, due to, among other factors, the risks and uncertainties inherent in the business of the Company, the risk factors discussed in the Company's final prospectus (dated October 22, 2004), and in other documents published or filed from time to time. The Company does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this news release or to reflect the occurrence of unanticipated events.

FUN Technologies plc
(formerly CES Software plc)

Consolidated Balance Sheets

In £000's

(Unaudited)

	Mar. 31, 2005	Dec. 31, 2004
Fixed Assets		
Intangible assets	33,990	4,470
Tangible assets	485	387
	<u>34,475</u>	<u>4,857</u>
Investment in associate undertaking	2,125	2,313
Total investments	<u>2,125</u>	<u>2,313</u>
Current Assets		
Debtors	911	1,458
Cash at hand and in bank	8,649	21,634
	<u>9,560</u>	<u>23,092</u>
Creditors		
Amounts falling due within one year	(2,385)	(1,312)
Net current assets	<u>7,175</u>	<u>21,780</u>
Total assets less current liabilities	<u>43,775</u>	<u>28,950</u>
Creditors		
Amounts falling due more than one year	(517)	(517)
Net Assets	<u>43,258</u>	<u>28,433</u>
Capital and reserves		
Called up share capital	2,479	2,067
Share premium account	43,097	28,886
Shares to be issued	1,985	6
Capital redemption reserve	664	664
Other reserve	(293)	(293)
Profit and loss account	(4,674)	(2,897)
Shareholders' funds - equity (Note 6)	<u>43,258</u>	<u>28,433</u>

See accompanying notes to the unaudited interim consolidated financial statements. These unaudited interim financial statements should be read in conjunction with the 2004 Annual Consolidated Financial Statements.

FUN Technologies plc
(formerly CES Software plc)

Consolidated Profit and Loss Account

In £000's except for per share amounts

(Unaudited)

	Three months ended	
	Mar. 31, 2005	Mar. 31, 2004
Group turnover		
Continuing	731	-
Acquisition	764	-
	1,495	-
Cost of goods sold	(409)	-
Gross profit	1,086	-
Research and Development	(438)	(173)
Amortization of intangibles	(1,174)	-
Administrative expenses	(1,202)	(208)
Group operating income/(loss)		
Continuing	(1,380)	(381)
Acquisition	<u>(348)</u>	<u>-</u>
	(1,728)	(381)
Share of operating loss in associate undertaking	(187)	-
Share of operating (loss)/income in joint venture	-	3
Loss on ordinary activities before interest and other income	(1,915)	(378)
Interest receivable and similar income	80	20
Loss on ordinary activities before taxation	(1,835)	(358)
Tax provision	(115)	-
Loss on ordinary activities after taxation and loss for the financial period	(1,950)	(358)
Appropriations (non-equity)	-	-
Loss for the period	(1,950)	(358)
Basic and diluted loss per share (in pence) (Note 5)	<u>(4.2)</u>	<u>(1.8)</u>

See accompanying notes to the unaudited interim consolidated financial statements. These unaudited interim financial statements should be read in conjunction with the 2004 Annual Consolidated Financial Statements.

FUN Technologies plc
(formerly CES Software plc)

Consolidated Statement of Cash Flows

In £000's
(Unaudited)

	Three months ended	
	Mar. 31, 2005	Mar. 31, 2004
Net cash outflow from operating activities (Note 7)	(159)	(234)
Returns on investments and servicing	80	20
Capital expenditure and financial investment	(204)	(73)
Acquisitions and disposals	(21,061)	-
Cash outflow before management of liquid resources and financing	(21,344)	(287)
Management of liquid resources	-	-
Financings	8,186	-
Increase in cash in the period	(13,158)	(287)

Reconciliation of Net Cash Flow to Movement in Net Funds

In £000's
(Unaudited)

	Three months ended	
	Mar. 31, 2005	Mar. 31, 2004
Increase/(decrease) in cash in the period	(13,158)	(287)
Cash (inflow)/outflow from (decrease)/increase in liquid resources	-	-
Translation differences and other non-cash movements	173	(3)
Movement in net funds in the period	(12,985)	(290)
Net funds at the start of the period	21,634	3,437
Net funds at the end of the period	8,649	3,147

See accompanying notes to the unaudited interim consolidated financial statements. These unaudited interim financial statements should be read in conjunction with the 2004 Annual Consolidated Financial Statements.

FUN Technologies plc
(formerly CES Software plc)

Consolidated Statement of Total Recognised Gains and Losses

In £000's
(Unaudited)

	Three months ended	
	Mar. 31, 2005	Mar. 31, 2004
Loss for the financial period		
Group	(1,763)	(361)
Joint Venture	-	3
Associate	(187)	-
	(1,950)	(358)
Foreign exchange differences	173	-
Total consolidated recognised gains and losses	(1,777)	(358)

Reconciliation of Movements in Shareholders' Funds
In £000's
(Unaudited)

	Three months ended	
	Mar. 31, 2005	Mar. 31, 2004
Loss for the financial period	(1,950)	(358)
Appropriations	-	-
Retained loss for the financial period	(1,950)	(358)
Shares issued against options and warrants	104	-
Shares issued for acquisition of subsidiary	6,431	-
Shares to be issued	1,985	-
Shares subscribed, net of issue costs	8,082	-
Foreign exchange differences & other non-cash movements	173	-
Net increase in shareholder's funds	14,825	(358)
Opening shareholders' funds	28,433	3,512
Closing shareholders' funds (Note 6)	43,258	3,154

See accompanying notes to the unaudited interim consolidated financial statements. These unaudited interim financial statements should be read in conjunction with the 2004 Annual Consolidated Financial Statements.

FUN Technologies plc
(formerly CES Software plc)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the first quarter ended March 31, 2005

(Unaudited)

(Expressed in £000's except for per share amounts)

1. Nature of business

The principal activity of the Company, along with its wholly owned subsidiaries, is as a software solutions provider developing gaming applications for distribution partners in regulated markets. There are three main lines of business: skill gaming, exchange betting and sports information.

On February 1, 2005 the Company's shareholders approved the Company's name change to "FUN Technologies plc" from CES Software plc.

It is important to note that online skill gaming is subject to seasonality. The Company has found that during the year end holiday season, activity declines somewhat. While these macro events cannot be negated, the management is working to establish incentives for end users during these slower traffic times to decrease their effect on the Company's results.

2. Basis of preparation

The financial information set out above has been prepared on the basis of the accounting policies set out in the Company's Annual Report and Accounts for the year ended December 31, 2004 and should be read in conjunction with those accounts. The financial information contained in this quarterly report does not constitute statutory accounts as defined in S240 of the UK Companies Act 1985 and does not include all disclosure requirements for annual financial statements. The report of the Auditors for the financial year to December 31, 2004 was unqualified and did not contain a statement under S237(2) or (3) of the UK Companies Act 1985.

3. Significant accounting policies

These interim consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP") and under the historical cost accounting rules. These statements include the accounts of the Company, its wholly owned subsidiaries, and a proportionate share of its income from investments accounted for under the equity method. All material inter-company transactions and balances have been eliminated upon consolidation.

The consolidated quarterly financial statements include the accounts of the Company and its subsidiary undertakings made up to March 31, 2005. The acquisition method of accounting has been adopted in these accounts. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

4. Segmented reporting

The Company analyses its business by three segments: Exchange betting (internet-based person-to-person wagering), Skill gaming (on-line tournaments and non-chance skill gaming), and Sports information (internet and print information on professional sports).

	2005				2004			
	Exchange betting	Skill gaming	Sports information	Total	Exchange betting	Skill gaming	Sports information	Total
Turnover by origin:								
United Kingdom								
continuing	-			-				-
acquisition				-				-
Canada				-				-
continuing				-				-
acquisition				-				-
USA				-				-
continuing		731		731				-
acquisition			764	764				-
	-	731	764	1,495	-	-	-	-

Pretax profit/(loss) by origin:								
United Kingdom								
continuing	(850)			(850)	(100)			(100)
acquisition				-				-
Canada				-				-
continuing	(440)			(440)	(258)			(258)
acquisition				-				-
USA				-				-
continuing		(197)		(197)				-
acquisition			(348)	(348)				-
	(1,290)	(197)	(348)	(1,835)	(358)	-	-	(358)

Revenue by geographic destination is not materially different from revenue by geographic origin.

Net assets by origin:								
United Kingdom								
continuing	42,069			42,069	28,293			28,293
acquisition				-				-
Canada				-				-
continuing	591			591	140			140
acquisition				-				-
USA				-				-
continuing		320		320				-
acquisition			278	278				-
	42,660	320	278	43,258	28,433	-	-	28,433

Analysis of operating loss between continuing operation and acquisitions:

	Continuing	Q1 2005 Acquisition	Total	Q1 2004 Continuing
Sales	731	764	1,495	-
Cost of sales	298	111	409	-
Gross profit	433	653	1,086	-
Research and development	410	28	438	173
Amortization of intangibles	444	730	1,174	-
Administration	959	243	1,202	208
Group operating loss	(1,380)	(348)	(1,728)	(381)

5. Loss per share

	Three months ended	
	Mar. 31, 2005	Mar. 31, 2004
Loss for the period	(1,950)	(358)
Weighted average number of shares outstanding	46,389	19,554
Basic loss per share (in pence)	(4.2)	(1.8)

Diluted loss per share has not been presented as including all potential ordinary shares in the calculation would be anti-dilutive.

6. Shareholders' funds

	Share capital	Share premium	Shares to be issued	Other reserve	Capital redemption reserve	Profit and loss
Balance December 31, 2004	2,067	28,886	6	(293)	664	(2,897)
Shares issued against special warrants exercised (i)	4	90				
Shares issued for acquisition of subsidiary (ii)	162	6,269	1,985			
Shares subscribed, net of issue costs (iii)	240	7,842				
Employees' share options exercised	6	10	(6)			
Retained loss for the period						(1,950)
Forex differences						173
Balance March 31, 2005	2,479	43,097	1,985	(293)	664	(4,674)

- (i) Shares issued in connection with previously issued brokers' warrants, exercised in the period.
(ii) Pursuant to the Don Best Acquisition Agreement, the Company issued a total of 3,240,000 ordinary shares to the sellers and a third party upon closing in January 31, 2005. A further issue of up to a maximum of 1 million ordinary shares is based on the earn-out agreement.
(iii) Options exercised by the employees of the Company.

7. Reconciliation of operating loss to operating cash flows

In £000	Three months ended	
	Mar. 31, 2005	Mar. 31, 2004
	Unaudited	Unaudited
Group operating loss	(1,728)	(381)
Amortization of intangible assets	1,174	-
Depreciation of tangible assets	44	11
Decrease/(Increase) in debtors	(32)	214
(Decrease)/Increase in creditors	383	(78)
Net cash outflow from operating activities	(159)	(234)

8. Acquisition of Don Best Sports

On January 31, 2005, the Company completed the acquisition of the entire issued share capital of Corcom Inc., (a Nevada corporation) and certain assets associated with Corcom Inc.'s business, Don Best Sports (hereinafter known as "Don Best").

The consideration for this acquisition is the cash payment to the sellers of Don Best of US\$40 million, the issuance of one million ordinary shares of FUN Technologies plc on completion, and the issuance of a maximum of one million further ordinary shares of FUN Technologies plc pursuant to an earn-out clause to the sellers. Under the terms of the earn-out clause, the sellers will be issued one additional ordinary share for each US\$1 that Don Best's EBITDA, for the twelve-month period commencing on the first day of the first full month immediately following the closing of this acquisition, exceeds US\$6 million up to a maximum of 1,000,000 shares. In addition the Company issued 2,240,000 ordinary shares and a cash payment of US\$1 million to Celeus Capital Corporation (a member of JJR Capital Partners, a Toronto-based private equity firm) as consideration for Celeus Capital Corporation to assign its rights to purchase Don Best over to the Group.

Having obtained the prerequisite approval from its shareholders and the regulatory authorities, the Company completed the acquisition on January 31, 2005.

The fair value of the ordinary shares issued by the Company is based on the deemed issuance of 3,240,000 at 198.5 pence per share, being the closing share price on London Stock Exchange on January 31, 2005.

In the preparation of these unaudited interim consolidated financial statements, the purchase consideration has been allocated on a preliminary basis to the fair value of assets acquired and liabilities assumed on management's best estimates and taking into account all available information at the time these statements were prepared. Preliminary allocation of identifiable intangible assets is based on existing contracts, end-user database, domain names and proven retention rates. The Company is in the process of retaining a valuator to review information relating to each of Don Best's operating and non-operating assets, and intends to obtain up-to-date information with respect to these assets prior to finalizing the allocation on the purchase price.

The resulting goodwill of £30,665 was capitalized and is being written off in 7 years.

9. Reconciliation to Canadian GAAP

	Three months ended	
	Mar. 31, 2005	Mar. 31, 2004
Retained loss for the period	(1,950)	(358)
Less: Stock-based compensation	(288)	(75)
Add: Amortization of goodwill per UK GAAP	1,174	-
Less: Amortization of intangibles under Canadian GAAP	(938)	-
Retained loss for the period under Canadian GAAP	(2,002)	(433)
Basic and diluted loss per share (in pence)	(4.3)	(2.2)