



Chartwell Technology Inc.

PRESS RELEASE

CHARTWELL ANNOUNCES FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 2006

Chartwell Technology Inc.

TSX: CWH

Calgary, Canada, June 14, 2006, Chartwell Technology Inc. (“Chartwell or the “Company”) (TSX:CWH) a leading provider of gaming software systems and entertainment content to the online and remote gaming industry, announces unaudited financial results for the three and six months ended April 30, 2006.

Highlights of the quarter included:

- Total revenue of \$4,757K compared with \$3,877K during the same period in 2005;
- Software license fees of \$4,449K compared to \$3,630K during the same period in 2005;
- License fees from poker exceeded 10% of license fee revenue;
- Net earnings of \$101K or \$0.01 per diluted share compared with net earnings of \$934K or \$0.05 per diluted share during the same period in 2005;
- Positive cash flow from operations of \$903K compared to \$1,728K during the same period in 2005;
- Total assets of \$30.2M compared to \$29.3M in the same period of 2005;
- Fifteenth consecutive quarter of profitability;

“Our second quarter results were significantly adversely affected by a provision for a doubtful account in the amount of \$1,007K and, without this provision, our core growth was very positive.” states Don Gleason, Chief Financial Officer. “Although we believe that there are reasonable prospects to recover some or all of the receivable, we also believe that circumstances dictated that now was the time to do the provision for accounting purposes. The provision was unrelated to Chartwell’s performance as the software provider and, beginning in May, the customer’s continued use of the software was on a COD basis. The Company did not record any revenue from that customer in the three months ended April 30, 2006.”

Three Months Ended April 30, 2006

Compared to the same period of 2005, total revenue increased by 22.7%, software license fees increased by 22.6%, operating margins decreased to 6.8% and net earnings as a percentage of revenue decreased to 2.1%. Operating margins and net earnings were significantly adversely affected by a provision for a doubtful account in the amount of \$1,007K. Had the provision not been made, operating margins for the quarter would have been 27.9% and net earnings as a percentage of revenue would have been 16.1%. Both of these adjusted percentages, although lower than comparative quarter of 2005, would have been improvements over Q1FY06.

Total revenue increased to \$4,757K from \$3,877K in the comparative quarter of 2005. Software license fees, which continue to represent approximately 94% of total revenue, increased to \$4,449K from \$3,630K in the comparative quarter of 2005.

Total operating expenses, which include foreign currency gains and losses, increased to \$4,433K from \$2,300K in the comparative quarter of 2005. Excluding the doubtful account provision, total operating expenses were \$3,426K and in line with prior quarters and the Company’s planned investment program. Software development and support expenses (“SWD”), net of deferred software development costs of \$598K, increased by 31.9% to \$1,740K compared to \$1,320K in the comparative quarter of 2005. In the three months ended April 30, 2006, the Company deferred an additional \$417K of costs relating to the development of its Poker product and an initial

\$181K of costs relating to the development of its mobile product offering. The deferral of development costs for the poker and mobile products is expected to continue throughout the remainder of the year. For the comparative period of 2005, \$78K of costs were deferred. Sales and marketing expenses decreased by 1.2% to \$545K compared to \$551K in the comparative quarter of 2005. General and administrative ("G&A") expenses increased by 627.7% to \$1,650K compared to \$227K in the comparative quarter of 2005. The doubtful account provision of \$1,007K accounted for the most significant increase in G&A expenses. Legal, professional, infrastructure and support staff costs accounted for the remainder.

As at April 30, 2006, the Company and its subsidiaries had 129 employees and consultants compared to 94 at April 30, 2005, representing an increase of 37.1%

Net income decreased by 89.2% to \$101K compared to \$934K in the comparative period of 2005. The decrease in net income is attributable to increases in non-cash expenses such as stock-based compensation and the amortization of intangible assets, increased personnel requirements and infrastructure costs essential to support the Company's growth initiatives and the significant doubtful account provision of \$1,007K.

Diluted earnings per share decreased to \$0.01 from \$0.05 in the comparative period of 2005. The doubtful account provision had the effect of reducing diluted earnings per share by \$0.035.

Six Months Ended April 30, 2006

Compared to the same six-month period of 2005, total revenue increased by 5.8%, software license fees increased by 5.7%, operating margins decreased to 13.1% from 43.9% and net earnings as a percentage of revenue decreased by to 6.5% from 27.8%. Excluding the doubtful account provision of \$1,007K, operating margins would have been 24.1% and net earnings, as a percentage of revenue, would have been 13.7%.

Total revenue increased to \$9,197K from \$8,692K in the comparative six-month period in 2005. License fees increased by 5.7% to \$8,724K from \$8,251K in the comparative six-month period of 2005.

Total operating expenses, which include foreign currency gains and losses, increased 63.8% to \$7,988K from \$4,876K in the same period of 2005. SWD expenses, net of deferred software development costs of \$1,064K, increased by 33.7% to \$3,535K compared to \$2,645K in the same period of 2005. Sales and marketing expenses decreased by 2.3% to \$1,125K compared to \$1,151K in the same period of 2005. G&A expenses increased by 220.7% to \$2,197K compared to \$685K in the same period of 2005.

Net income decreased by 75.0% to \$604K compared to \$2,420K in the same period of 2005. Diluted EPS decreased by 78.5% to \$0.03 compared to \$0.12 in the same period of 2005. Had the Company not recorded the doubtful account provision, diluted earnings per share would have been \$0.07 for the six months ended April 30, 2006.

Balance Sheet Strength

The Company continued to maintain a strong balance sheet through positive cash generation and positive earnings performance. At April 30, 2006, the Company had total assets of \$30,198K and working capital of \$19,436K. The Company had no debt and an aggregate cash balance, including short-term investments, of \$15,636K.

Operating cash flow was \$903K for the quarter and \$109K year to date. Cash used in financing activities was \$838K for the quarter and \$2,090K year to date. Financing activities consisted of cash used to repurchase Company shares under the Normal Course Issuer Bid ("NCIB") less cash received from the exercise of stock options. As at April 30, 2006, a total of 681,000 shares were repurchased under the NCIB at a cost of \$2,668K and an average price of \$3.91K. Cash generated from investing activities was \$589K for the quarter and \$2,457 year to date. Investing activities for the six months ended April 30, 2006 consisted of the redemption of \$3,962K in short-term investments, less the purchase of \$442K in property and equipment and deferral of software development costs in the amount of \$1,063K.

2006 Second Quarter Analyst Call

Chartwell will host an Analyst/Investor conference call to review second-quarter 2006 results. To participate in the call please dial the appropriate number below, 5 minutes prior to call commencement. You will be requested to provide your name, telephone and corporate affiliation (if applicable).

Date: **June 14th 2006**

Time: **6:00 pm EST**

Local/International Access: **416-695-5261**

Toll-free North America: **888-789-0089**

Audio playback will be available after the call and will remain accessible until June 21st, 2006.

Instant Replay Access Information:

Local/International Access: **416-695-5275**

Toll-free Access: **888-509-0081**

Access Passcode: **625805**

About Chartwell

Chartwell Technology Inc. specializes in the development of leading edge gaming applications and entertainment content for the Internet and wireless platforms and other remote access devices. Chartwell's Java and Flash based software products and games are designed for deployment in gaming, entertainment, advertising and promotional applications. Chartwell does not participate in the online gaming business of its clients. Chartwell's team of highly trained professionals is committed to delivering the highest quality software and maintaining its leading edge through continuous development and unparalleled customer support.

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Our actual results could differ materially from those anticipated in these forward-looking statements as a result of factors that may include, but are not limited to: the impact of government regulation, the impact of price competition, loss of business or credit risks associated with current and prospective major customers, general industry and market conditions and growth rates, currency rate fluctuations, the impact of consolidations in the online gaming industry and other risks detailed from time to time in Chartwell's Annual Information Form and Management's Discussion and Analysis, both of which may be found at www.sedar.com