

**ASX RELEASE**

**29 November 2011**

**Chairman's Address & CEO's Presentation**

The attached Chairman's Address and Chief Executive Officer's Presentation will be delivered at today's Annual General Meeting of Two Way Limited.

---

For further information:

Ben Reichel  
Chief Executive Officer and Managing Director  
Phone: +612 9017 7000 or 0412 060 281

---

**ABOUT TWO WAY LIMITED (ASX: TTV)**

Two Way creates advanced interactive media and gambling applications. Our competitive strengths include our specialised expertise, patented technology, and library of interactive applications, which can be deployed on TV, mobile or internet.

Two Way has developed an award-winning interactive TV wagering service with Tabcorp Holdings Limited (ASX:TAH) and Foxtel, which has now been extended to include Racing and Wagering Western Australia (RWWA) and TattsBet Limited (ASX:TTS). Two Way has the potential to establish similar relationships with other wagering and broadcasting partners throughout Australia and overseas.

Our interactive wagering technology offers advanced betting features and related information, and utilises the latest synchronisation techniques to enhance the user experience. This technology can be applied to both racing and sports betting applications.

Our Way2Bet portal offers an extensive range of information resources to help punters bet better. These services are available via online and mobile platforms at [www.way2bet.com.au](http://www.way2bet.com.au) and way2bet.mobi.

Two Way's products are currently being deployed by leading wagering and interactive TV operators in Australia and New Zealand. Our clients include Tabcorp, RWWA, TattsBet, Sportingbet, Betfair, Foxtel, Austar, Optus TV and Sky New Zealand.

To learn more about Two Way visit [www.twowaytv.com.au](http://www.twowaytv.com.au)

---

# 2011 Annual General Meeting of Two Way Limited

## Chairman's Address

Good morning ladies and gentlemen, my name is Stuart McGregor. Welcome to our **seventh** Annual General Meeting of Two Way Limited.

As Chairman of Two Way, I would like to thank you on behalf of my fellow Directors for taking the time to be with us this morning.

I would like to introduce our Board of Directors.

- Our Chief Executive Officer and Managing Director, Ben Reichel;
- Chris Grant-Foster;
- Gerald Tan – who joined the Board in October to fill a casual vacancy, and who will be up for election at today's meeting.

I would also like to introduce our company secretary, Rointon Nugara.

Also in attendance are Mr Leo Tutt and Ms Sarah Wilson, from the Company's auditors, William Buck.

Both Ben and I welcome this opportunity to review Two Way's recent operational and financial developments and highlights; as well as outline our strategy for the future.

I extend a special welcome to Mr Gerald Tan, not only as a new director of the Company, but also as a significant new shareholder (currently in his own right and, subject to approval at this meeting, via associate, Main Ace Investment Limited). This cornerstone investment, if approved, will enable Two Way to further enhance and grow its exceptional product suite; as well as seek to expand its reach into Asia, drawing on Gerald's extensive experience in that region.

2011 has been a significant year for the Company, particularly with regards to the deployment of our flagship TV wagering service, TAB ACTIVE. After many years of struggle, the Company finally received regulatory approvals from the Governments of Queensland, South Australia and Western Australia to deploy TAB ACTIVE. The service was launched in QLD in April, South Australia in June, and Western Australia in July.

This completes the rollout of our service across all mainland states, and also means that the Company has succeeded in deploying the service with Australia's three largest wagering operators (Tabcorp, TattsBet and RWWA). TAB ACTIVE is now available in Sydney, Melbourne, Brisbane, Gold Coast and Adelaide metropolitan areas, as well as all of Western Australia (on the Foxtel and Optus TV platforms).

This "national footprint" meant that for the first time, the Company was able to produce a national advertising campaign to promote the TAB ACTIVE service in the lead up to, and during the important Spring Racing Carnival. The campaign was jointly developed and funded by the Company, Sky Racing, Foxtel and the three TAB wagering operators.

Our skills in IPTV and interactive TV development are once again being demonstrated with the development of world leading betting applications for smart TV and IPTV platforms. These include smart TV betting applications for both Sportingbet and Betfair for deployment on the Samsung and LG platforms. The development work for these applications is almost complete, and we expect the applications to go live in the near future. The Company is also in discussions with a number of other wagering operators, and other businesses, to further sell our smart TV expertise.

## **Operational Highlights & Financial Review**

I will now briefly run through the financial results for the 2011 year.

Overall, the results recorded were the strongest in the Company's history, with a 66% improvement on the previous year result.

Revenues from the Company's key wagering products -TAB ACTIVE and Way2Bet – increased by 13%. Specifically, TAB

ACTIVE revenues increased by 5%, despite no significant marketing spend during the year; whilst Way2Bet posted an impressive 62% growth.

However, other revenue lines (being games and ad hoc development projects) declined, leading to an overall decline of 6% in revenues.

This was more than offset by a 10% reduction in operating expenses, leading to a 15% improvement in the Company's operating performance (ie prior to abnormals and tax).

One of the key operating highlights was the successful negotiation with Two Way Media of the UK, leading to the elimination of all licence fees on an ongoing basis. We however retain a perpetual licence to use any technology sourced from Two Way Media.

As noted in our Annual Report, the Board's decisions in previous years to not carry intangible assets on the balance sheet meant that there was a 92% decrease in amortisation and depreciation charges, compared to the prior year.

Operating cash flow improved by 15% on the previous year. However, less capital was raised from fewer shares issued than in the previous year, resulting in net cash flow deteriorating from a \$0.2m outflow to \$0.5m outflow.

Despite the improvement in the Company's operating cash flow, it is yet to achieve a cash flow positive state. However, given the growth of our TV wagering service and other revenue sources, together with measures such as the recent successful renegotiation of our licences, and a continued focus on cost management, we are confident that our goal to be cash flow positive will soon be within reach.

Finally, I would like to thank the management and staff, as well as my fellow directors, for the important and valuable contributions they have made over the past year.

I now invite our CEO to provide further details on the Company's strategy and growth opportunities.

+++++



# Annual General Meeting

November 2011

Ben Reichel  
Chief Executive Officer  
& Managing Director



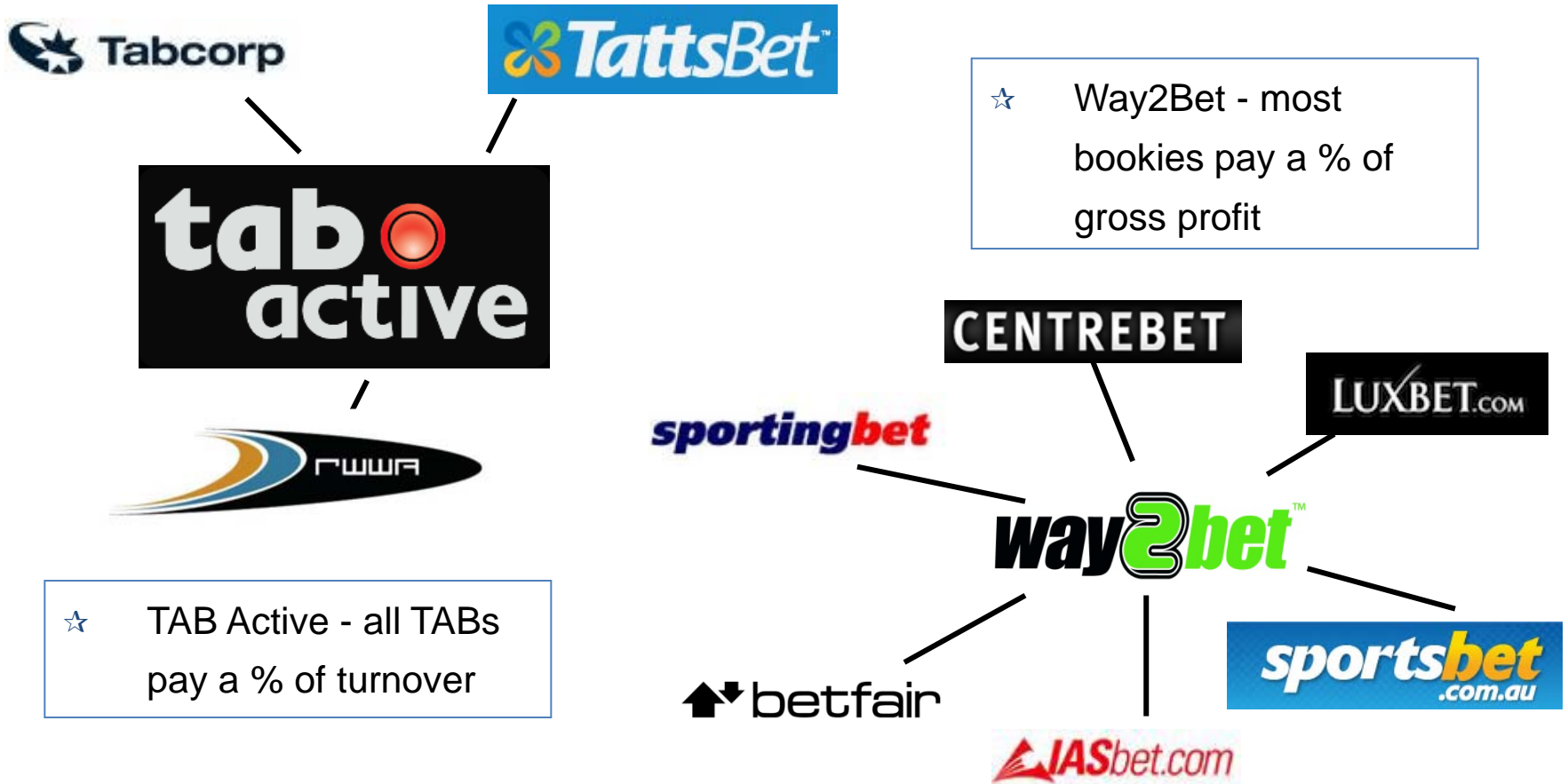
“advanced interactive media and gambling applications”

# What We Offer

ASX: TTV

- 
- ☆ **Long term (5 year) contracts with blue chip clients**
    - ☆ Tabcorp, Tatts, Racing & Wagering WA, Sportingbet, Betfair
  - ☆ **Unique positioning**
    - ☆ The only company with a live betting service linked to the betting engines of all major TABs (A\$16 billion market)
    - ☆ Exclusive relationships with Tabcorp, Sportingbet & Betfair
  - ☆ **Unique product and intellectual property**
    - ☆ Australia's first and only TV transaction service
  - ☆ **Expertise in IPTV and Smart TVs**
  - ☆ **International opportunities**

# Key Products and Clients



# FY11 Highlights








---

- ☆ Gained approval at last for our TV wagering service in Queensland (and subsequently South Australia)
- ☆ Launch of service across all mainland States:
  - ☆ Queensland (ie. Brisbane / Gold Coast) – 20 April 2011
  - ☆ South Australia (ie. Adelaide) – 9 June 2011
  - ☆ Western Australia (entire State) – 28 July 2011
- ☆ Added fixed odds betting to the service (NSW/Vic only; Qld/SA last week)
- ☆ Signed exclusive deals for IPTV betting applications with Sportingbet (who now own Centrebet) and Betfair
- ☆ 66% improvement in net result for FY11
  - ☆ Total 84% improvement in bottom line under CEO & team
- ☆ Signed deal to bring in cornerstone investor



# FY11 Financials

---

- ☆ FY11 results are the strongest in the Company's history
- ☆ Solid growth in wagering service revenues  13%
  - ☆ TAB Active  5%; Way2Bet  62%
- ☆ Licence fees now eliminated, due to successful renegotiation of contracts
- ☆ Substantial reduction in most cost lines, reflecting ongoing and effective cost control
- ☆ Key metrics: revenues  6%, expenses  10%, operating result  15%, net result  66%
- ☆ Successful R&D tax concession claims for both FY10 and FY11
  - ☆ \$207k received in November 2010; \$202k received in October 2011

# TV Wagering



- ☆ Our flagship product is the “TAB Active” TV wagering service on the Sky Racing channels on Foxtel
- ☆ Most advanced interactive TV service ever deployed in Australia
  - ☆ Fully secure (128 bit SSL)
  - ☆ Handles credit card payments
- ☆ From launch to date:
  - ☆ More than 18 million bets
  - ☆ More than \$160 million turnover
- ☆ Flawless performance during Spring Racing Carnival – handling bets for all 3 major TAB operators

The screenshot displays the 'Today's Gallops' interface. At the top, it shows '12:40 Sky Racing Mdn Hcp 1000m'. Below this is a table of runners with their respective odds.

#	Runners (20)	WIN	TOTE	FIXED
1	Shranap	15	16.5	
2	Bold Pride	55	56	
3	Divorce Me	8.10	8.30	
4	Maoulida	47	44	
5	Avondale	19	16	
6	Lester Quercus	15	15	
7	Mana Glint	13	13	
8	Testa More	17	17	
9	Sagamana	59	63	
10	Queen Margot	22	24	

Below the table, there is a section for the selected horse, Shranap, with details: Jockey: F Prat (60.0), Trainer: J Artu, Form: 0156, Status: Open, Updated: 01:14:41. It also shows win and place bets: Win: \$ 486, Plc: \$ 342, Tri: \$ 446.

On the right side, there is a live video feed of the horse race. Below the video, there is a 'Next To Go' section showing the remaining horses and their estimated times: Wanganui 3 (0 min), Cambridge 4 (9 min), Cambridge 5 (26 min), Wingatui 4 (35 min), and Cambridge 6 (44 min).

The interface also includes navigation buttons at the bottom: HOME, HELP, FULLSCREEN, ACCOUNT, LATEST RESULTS, FOXTEL, and EXIT.

# Potential

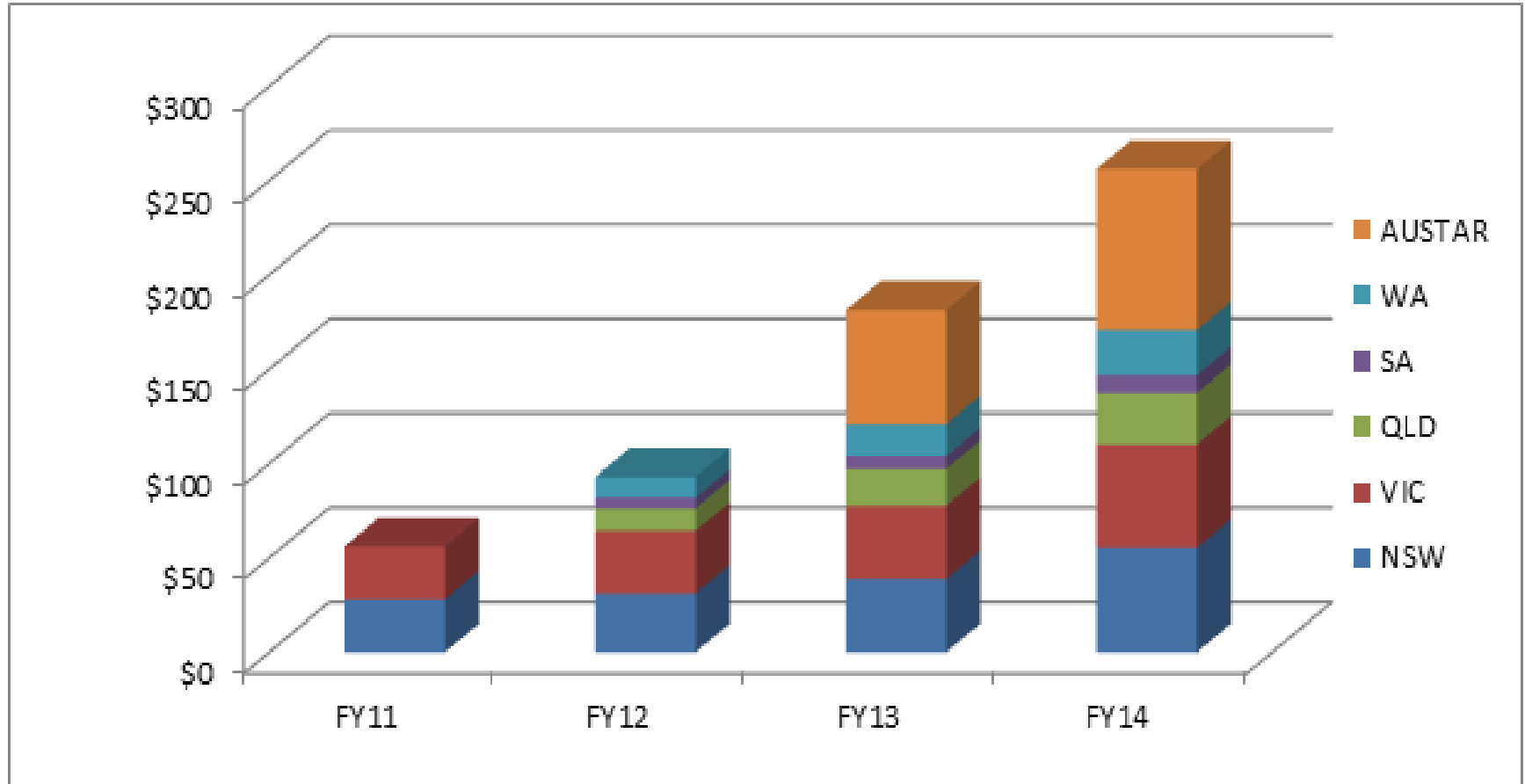


- ☆ Current Australian TAB turnover is \$16 billion pa – predicted\* to climb to \$19 billion pa by FY15 (\*source: Centrebet)
  - ☆ Current turnover through our service is approx. \$58m pa (NSW & Vic only)
  - ☆ This is approximately 0.5% of Tabcorp's total turnover (\$10+ billion pa)
  - ☆ In general terms, our revenue is 1% of the turnover through our service
  - ☆ If national TAB turnover climbs to \$19b, then revenue from TAB Active in Australia alone will be approximately:
    - ☆ \$3.8m if we can capture 2% of national TAB turnover (Target)
    - ☆ \$9.5m if we can capture 5% of national TAB turnover (Stretch Target)
- ☆ This does not include other revenues (eg. Way2Bet); or any new business (eg. Smart TV and IPTV apps); or international opportunities

# Potential cont.



TARGET TURNOVER VIA TAB ACTIVE (A\$m)



# Growth Opportunities

---

## ☆ **Expand TV Wagering on to Austar platform**

- ☆ Racing is very popular in the Austar service areas, ie. regional and rural Australia
- ☆ Timing depends on resolution of proposed acquisition by Foxtel (likely to be March 2012)

## ☆ **Broadband return path for both Foxtel and Austar**

- ☆ Enhancements to wagering service – race replays, video form guide, tips and premium ratings services, etc
- ☆ “FOXTEL App Store” – relaunch our games service; plus offer social TV apps (Facebook, Twitter etc)
- ☆ Timing likely to be mid-2012

# Growth Opportunities cont.

---

## ☆ **IPTV and Smart TVs**

- ☆ Deals signed with Sportingbet and Betfair
- ☆ Deals under discussion with numerous other online transactional businesses (wagering operators and others)

## ☆ **Smart Phones and Tablets**

- ☆ Important platforms for TV interaction
- ☆ Our first app will leverage our Way2Bet online and mobile portal, to create “the ultimate hand-held live betting companion”

## ☆ **International opportunities**

- ☆ New Zealand, Singapore and more broadly in Asia

# Smart TVs

---

- ☆ Samsung, LG, Sony, Panasonic all selling “smart TVs” – with a built-in connection to the internet
- ☆ Internet content available from Telstra (BigPond Movies and TV channels – including AFL); free-to-air networks; and Foxtel
- ☆ Samsung is spending US\$70m globally promoting their smart TV platform this year
- ☆ LG has similar plans to promote smart TVs – this year’s launch is the biggest they have ever done in Australia
- ☆ Last year Australians bought 2.7 million TV sets
- ☆ Blu-ray players also have this feature – greatly expands the market
- ☆ Samsung alone expects to sell 650k smart TVs in Australia by end 2011 (plus 100k Blu-ray players)



## WHAT IS CONNECTED TV?

Connected TVs allow you to access internet content\*, so you can catch up on episodes of your favourite shows you might have missed, search for specific highlights of the weekend's footy, engage in video chats via Skype with friends and family, update your Facebook status or search and enjoy YouTube - all through your TV!

Some models even allow you to browse the web! Plus all Connected TVs give you the crystal-clear high definition digital television viewing to which you have become accustomed.

**EXPERIENCE CONNECTED TV TODAY**  
**FIND YOUR LOCAL HARVEY NORMAN STORE NOW** ➔

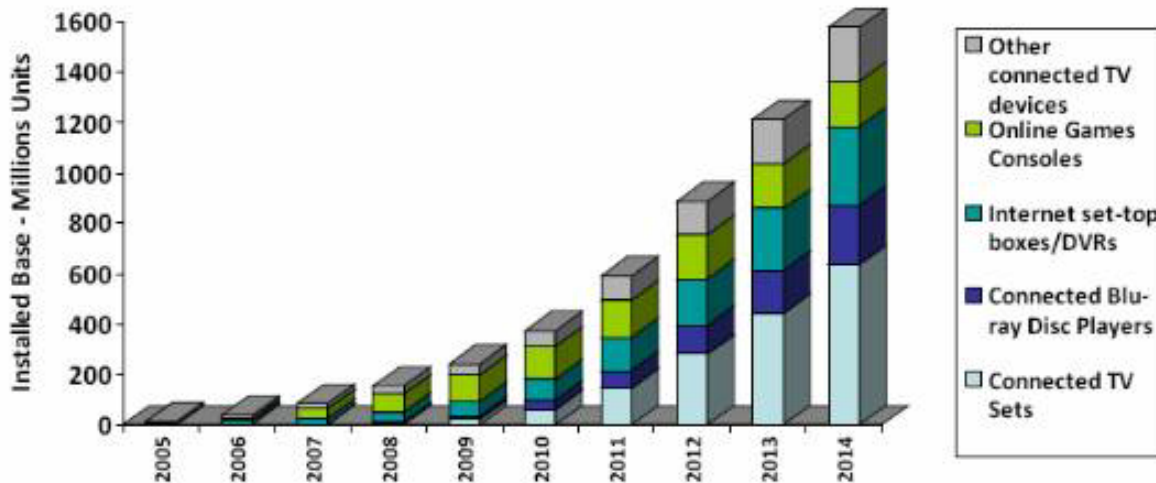




# Smart TVs – Potential

paddypower.com  
poker • casino • betting • games

Connected TV Devices: Worldwide Ownership Forecast



“Television will change fundamentally because of Connected TV sets, 3D is only a passing fad,” – Philips ”

- ☆ Bookmakers are starting to see the potential
- ☆ We have strong relationships with Australian bookmakers – many of whom are owned by large UK entities

# New Business – Sportingbet

- ☆ Our first IPTV client is Sportingbet – Australia’s largest bookmaker, with annual turnover exceeding A\$1.5 billion (and which now owns Centrebet)
- ☆ Our second client is Betfair – Australia’s only betting exchange



- ☆ Ideal service for recreational punters watching sport
- ☆ Viewers can wager on sport on any form of TV (free-to-air, pay, or IPTV)

# New Business – Betfair

- ☆ Betfair TV wagering application for Samsung smart TVs
- ☆ Already deployed in the UK & Europe
- ☆ We are building a far more advanced version for Betfair Australia

The screenshot shows the Betfair website interface. At the top, the Betfair logo is on the left, and user information is on the right: Username: UpTo20Chars, Wallets: Main: \$143.41, and AUS: \$100.00. The main content area is divided into two columns. The left column is titled 'ALL SPORTS' and lists various cricket matches, with 'Sri Lanka v Australia 2011' highlighted. The right column features two betting cards. The top card is for '1ST T20 - T20 SERIES SRI LANKA V AUSTRALIA' with odds of 2.02 for Sri Lanka and 1.96 for Australia. The bottom card is for 'MAJOR LEAGUE BASEBALL NYY AT CWS' with odds of 1.89 for NY Yankees and 2.10 for Chicago White Sox. A 'BET NOW' button is visible on each card. At the bottom of the page, there is a contextual navigation instruction and a footer with the date 'Sun 04 Sep 15:34' and navigation links for Home, Login, Account, Help, Move, Select, and Return.

- ☆ We are the exclusive provider to both Sportingbet and Betfair of TV wagering services (on sport), via any form of TV

# Summary

ASX: TTV

- ☆ Two Way has put itself into a unique position in the Australian media & wagering landscape:
  - ☆ The only company operating a live TV betting service
  - ☆ The only company with a live betting service of any kind that links into the betting engines of multiple TAB operators
- ☆ World's best TV wagering service, with a number of unique and patented features
- ☆ Continuous improvement in the business, as shown by financial metrics – but much more work required
- ☆ Plenty of exciting new opportunities in IPTV and smart TVs
- ☆ Signed deal with cornerstone investor gives us the financial strength to move the business forward