



**ASX: TTV**

**ASX RELEASE**

**25 August 2006**

**Two Way releases new corporate overview**

Two Way TV Australia Limited has today released a new corporate overview detailing the company's current strategic and operational focus.

The lodging of this document precedes a forthcoming program of briefings to brokers, institutions and other key stakeholder groups.

The preparation and lodgement of this document also coincides with the appointment of a new media and investor relations agency, Colvin Communications.

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**For further information:**

Chris Grant-Foster  
CEO, Two Way TV Australia Limited  
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**ABOUT TWO WAY TV AUSTRALIA (ASX: TTV)**

Two Way is the leading provider of interactive TV applications and technology in Australasia and Asia. Its competitive strengths include its patented technology, library of interactive applications, exclusive content deals and management team.

Two Way's exclusive and perpetual licence from Two Way Media Ltd in the United Kingdom gives automatic access to arguably the world's largest library of interactive applications for TV programs, as well as to the technology to deploy these applications for broadcasters within very rapid timeframes. Two Way is also the exclusive licensee of mobile and interactive TV games and gambling applications from key industry supplier Zone4Play, Inc.

Two Way's services are currently being deployed by leading free to air and pay TV operators in Australia, New Zealand, Hong Kong, China and India.

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# Investor Update

Chris Grant-Foster  
Chief Executive Officer



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# Purpose of Document

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- ❑ Two Way has undergone a number of changes in the past three months since the appointment of Chris Grant-Foster as CEO
- ❑ This presentation has been compiled to provide some guidance to strategy and changes implemented and the nature of the Two Way business model
- ❑ This will be followed by a series of briefings to shareholders, analysts, and brokers over the coming months
- ❑ Any questions that may arise out of this document can be directed to either of the following

Chris Grant-Foster

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# Company Overview

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- ❑ Established in Australia in 1990
- ❑ Listed on Australian Stock Exchange in December 2004 (TTV)
- ❑ Exclusive licenses from Two Way Media (UK) and Zone4Play, Inc (US)
- ❑ Services deployed on pay TV and free to air TV in Australia, New Zealand, Hong Kong, China and India
- ❑ First IPTV deployment , PCCW July 06



# Vision

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- Establish Two Way as the Interactive Partner of choice in Asia Pacific for its Content, Applications and Services with focus on three verticals
  - Wagering and Gaming
  - Media including
    - Casual Games
    - Mobile to TV Applications (Simcast)



# Key Strategies 06/07

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- Reduction in Operating Costs with focus on
  - Outsourced production to Asia
  - Restructured licensing agreements
    - **Goal to be cash flow positive September 07**
  
- Refocused business development strategy with emphasis on long term profitability
  
- Execute on commercial deployment of Wagering Application 06
  
  
- Focus is Asia



## Key Strategies - cont

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- ❑ Ensure that games distribution reaches critical mass with one cost of deployment to maximize business model
  
- ❑ We make content interactive on any screen, it's not only TV, it's Mobile and Broadband i.e. it's Triple Play
  
- ❑ Implement consumer direct portal offering with own brand – Way2Play
  - Play for Fun
  - Play for Prizes
  - Play for Real



# Key Strategies - cont

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- Acquisition possibilities
  - Geographical footprint
  - Balance sheet positive
  - Fast forward Asian roll-out
  - Provide specialist resource / application
  
- More active Investor Relations program



# The Challenge and Evidence of Change

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- PCCW launch of Games on IPTV Now Broadband also being ported on to 3G Handsets
  - PCCW subscribers can play on TV or Mobile
  
- Launched Sky News Simcast voting service in August
  
- Tabcorp agreement now triggered with all parties working on finalizing acceptable technical and commercial terms and conditions
  
- Resource directly employed in Hong Kong working with STAR TV

WE ARE TOTALLY FOCUSSED ON EXECUTING AGAINST STRATEGY  
AND DELIVERING RESULTS

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# Our Company

“Two Way the leading provider of Interactive Content, Applications and Services”

Asia Pacific

Australia, New Zealand, Hong Kong, India, China

Wagering Applications



Media

Delivery Platforms  
ITV, Mobile, Internet

Two Way current addressable eyeballs  
\*162 million currently and growing



\*Management estimates



# Our Customers today

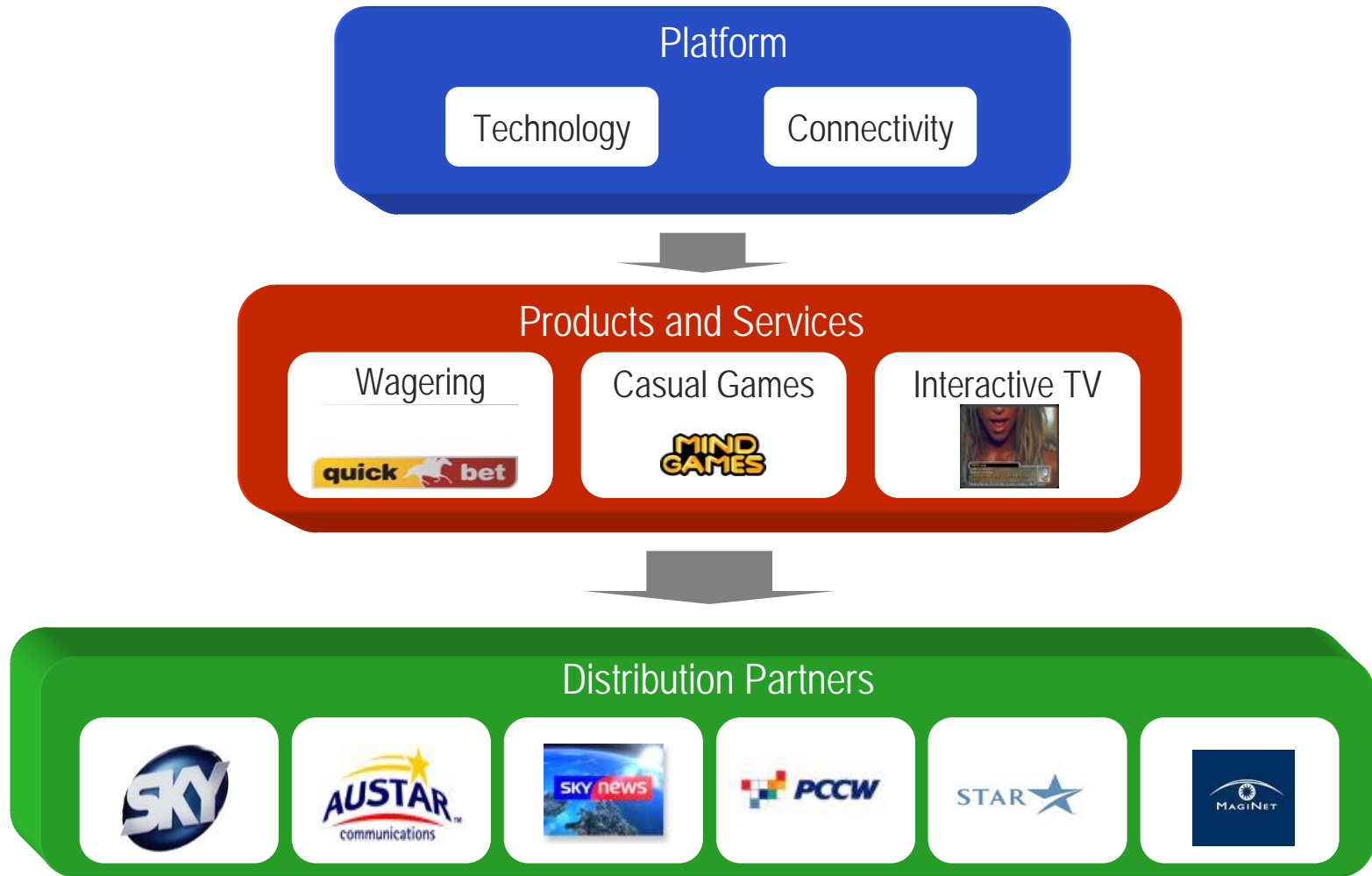




- Channel Model
- Distribution
- Business Model

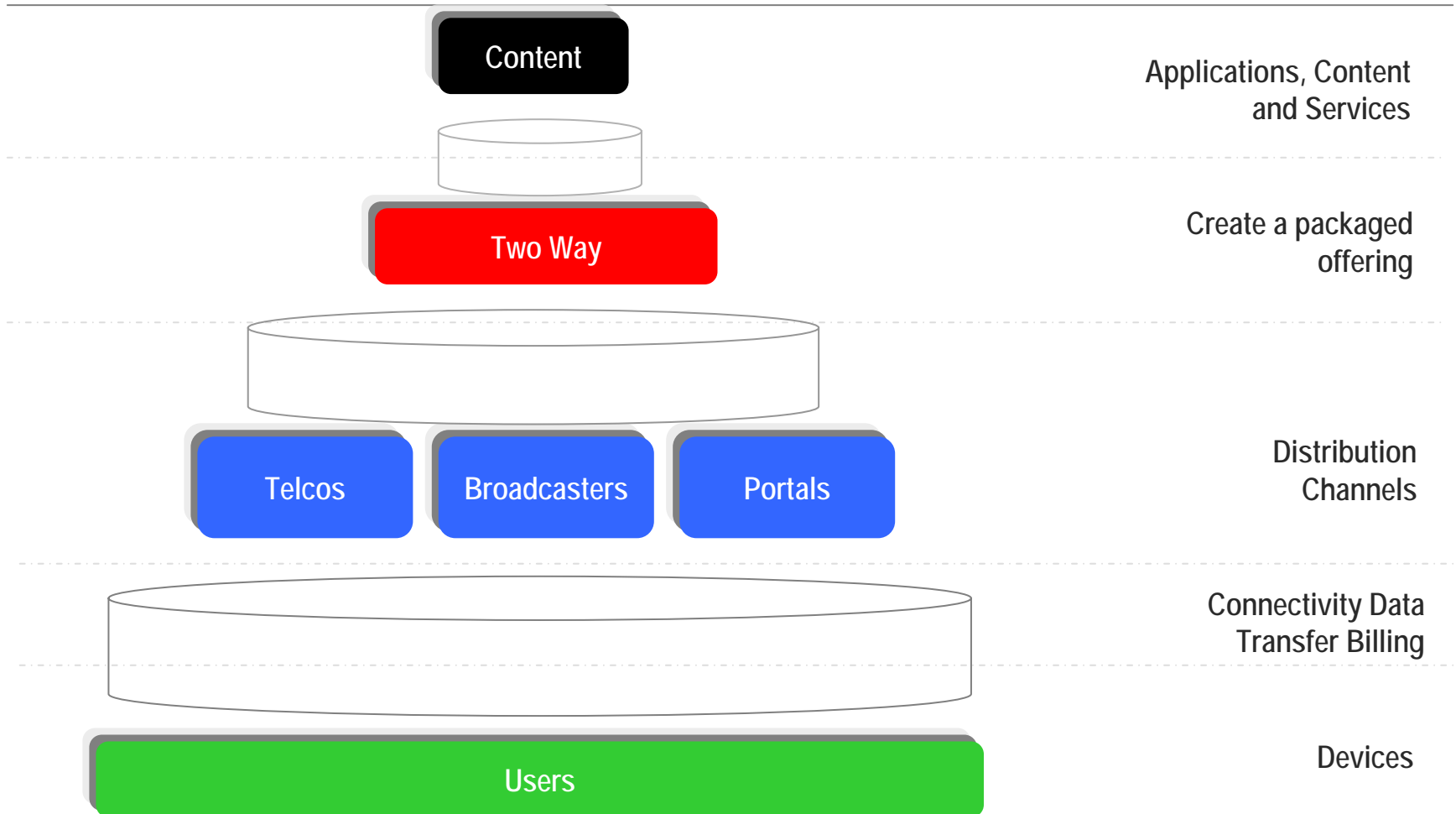


# Channel Model





# Distribution





# Business Model

## Wagering Application

Revenue Share on  
Interactive Turnover

Revenue Share on  
Subscription Fees

Fixed Licensing  
Agreement

## Games

Revenue Share on  
Subscription Fees  
generally 50/50

## SIMCAST

Revenue Share on  
SMS traffic

Fixed fees for  
service support



# Simcast Business Model



## Step 1

Viewer responds to advertisement or direct response TV ad



## Step 2

Text chat, voting or polling message



## Step 3

Send as text message to the short-code as shown on TV show



## Step 4

TV screen displays the viewer's input

Example



0.55c



0.24c



50/50 revenue share





- Products and Services




# Product Offering

- ❑ Wagering Application
- ❑ Simcast
- ❑ Casual Games

HORSHAM		RACE 4		PR10 Horsham MR1	
1	Isomne Grace	6.70	8.30	1	Axangs (5)
2	Wharf & Natural	1.50	1.50	2	Constar (5)
3	Neanderthal	12	13	3	Double The Bet (6)
4	Brother Jim (4)	13	12	4	King Fillos (7)
5	Kongertung Bead (4)	37	64	5	Mahajni (4)
6	Swiss Blunder (7)	13	15	6	Stoney Gey (1)
7	Soddy's Fanged (4)	87	44	7	Kingston Beauty (2)
8	Woodoo's Brother (4)	7.00	6.90	8	Romantico (10)
				9	Black Temple (5)
				10	Isomna (8)
				11	Comedy Snip (1)

Who would make the best Prime Minister?

SMS "Vote" and your choice:

Howard		62%
Costello		16%
Beazley		22%

SMS 1999 2444 (AUS) 2444 (NZ)  
Terms and Conditions at [www.skynews.com.au](http://www.skynews.com.au)

**GRID LOCK**

**MIND GAMES**

two way TV AUSTRALIA





# Product Innovation – Wagering - Way2Bet



- ❑ Developed specific software and technology infrastructure for an interactive betting application, which is the most advanced of its kind
- ❑ Compression algorithms to handle large amounts of data in real time
- ❑ Directly interfaces into licensed gambling operator back end system for receiving data and processing transactional information
- ❑ Directly interfaces into Broadcast platform and resides on digital set top box where all data is updated in real time and synchronised with the live broadcast
- ❑ All information is available on demand via a navigation system



# Product Innovation - Wagering

- ❑ Bet from your lounge
- ❑ Secure environment
- ❑ Real Time
- ❑ Full form guides
- ❑ All Betting types
- ❑ Sports betting or racing
- ❑ On screen help guides

**HORSHAM Race 4**  
Horsham Hire Hcp (C4) 2100m

#	Runner	5-FAB Win	NSW	UNITAB
1	Joanne Grace (1)	8.70	8.50	10 8.80
2	What A Natural * (2)	1.50	1.50	1.40 1.50
3	Headache (3)	12	13	9.50 8.20
4	Brother Jim (4)	13	12	10 9.70
5	Kangertong Road (5)	57	64	78 97
6	Soviet Rising (6)	13	15	14 15
7	Sudden Appeal (7)	87	64	38 33
8	Voodoo's Brother (8)	7.00	6.90	14 11

TRACK: GOOD \$19,225 \$24,675

TV: Next to Go Press (16:15:00)

ACCOUNT: BR6 16:25 Eagle Farm

BET: SR7 16:35 Randwick

RESULTS: AR7 16:55 Gawler

MEETINGS: MR8 16:55 Werribee

RACES: BR7 17:05 Eagle Farm

RUNNERS: Ticker Information

PRESALE: Ticker Information

FIXED ODDS: Ticker Information

**MR10 Horsham MR1**  
\$1 Mil Festival Mdn Ptt 3yo+ 1800m

#	RUNNERS	WIN	PLACE
1	Avarga (9)	5.50	10
2	Comstar (5)	21.50	3.50
3	Double The Bet (6)	6.20	5.60
4	King Filou (7)	1.70	1.50
5	Mahajini (4)	6.70	2.10
6	Stevy Bay (1)	0.00	0.00
7	Kingston Beauty (2)	60.80	2.80
8	Romantico (10)	3.50	1.80
9	Sonic Temple (5)	0.00	0.00
10	Isanova (8)	27.00	6.00
11	Comedy Snip (1)	2.20	3.70

PLACE BET FORM

Horse: Isanova (8)  
Jockey: V Hall  
Weight: 57.5kg  
Form: 12x4  
Labo Avail: 2  
Status: OFFICIAL  
Result: 1,4,8  
Updated: 12:38:04 AEST

WIN: \$38727  
PLACE: \$16773

**HORSHAM Race 4**  
Horsham Hire Hcp (C4) 2100m

#	Runner	5-FAB Win	NSW	UNITAB
1	Joanne Grace (1)	8.70	8.50	10 8.80
2	What A Natural * (2)	1.50	1.50	1.40 1.50
3	Headache (3)	12	13	9.50 8.20
4	Brother Jim (4)	13	12	10 9.70
5	Kangertong Road (5)	57	64	78 97
6	Soviet Rising (6)	13	15	14 15
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RUNNERS: Ticker Information

PRESALE: Ticker Information

FIXED ODDS: Ticker Information

**MR3 MR4 Win & Place**  
Horsham Hire Class 4 Handicap 2100m

W	P	#	RUNNERS
		1	Joanne Grace 5.50 10
		2	What A Natural 21.50 3.50
		3	Headache 6.20 5.60
		4	Brother Jim 1.70 1.50
		5	Kangertong Road 6.70 2.10
		6	Soviet Rising 60.80 2.80
		7	Kapias 3.50 1.80
		8	Sudden Appeal 27.00 6.00
		9	Hurricane Lord 2.20 3.70
		10	Voodoo's Brother
		11	Comedy Snip

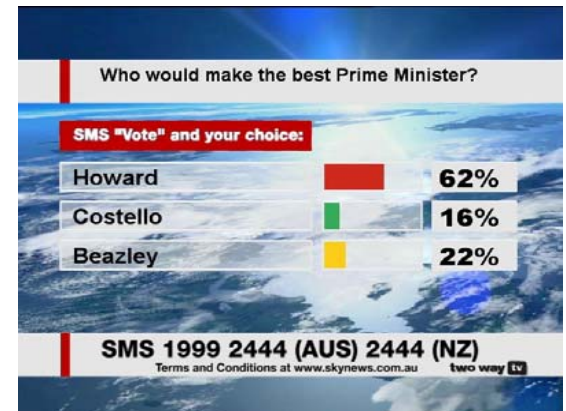
PLACE BET SELECT RUNNER

1, 8, 3 To Win: \$0  
7, 11 To Place: \$0  
Total: \$0



# Product Innovation - Simcast

- Allows wider audience participation without requirement for Digital Set Box, works on analogue
- Presenter led interaction allowing immediate feedback to the viewers participating at home
- Full range of moderation and editing tools allowing broadcaster ultimate control
- Platform interfaces directly into broadcast automation systems allowing control of text services.





# Product Innovation - Casual Gaming – Way2Play

- ❑ Suite of Trivia and arcade / puzzle games
- ❑ Running on Open TV and migration to IPTV
- ❑ Work in progress migrating to 3G
- ❑ Developed and Licensed by Two Way
- ❑ New Games being produced each month
- ❑ Distributed through all pay TV operators in Aus / NZ, also PCCW and MagiNet in Asia





# IPTV – (Internet Protocol TV)

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- IPTV is a method of distributing TV Content over broadband that enables a more customised and interactive experience
  
- Two Way has developed expertise within the Digital set-top box to deploy its content as demonstrated with the recent PCCW Now TV and Maginet launch of interactive games
  
- IPTV will deliver numerous services
  - Find what's on (EPG)
  - Enhanced TV –watching picture in picture and multiple channels
  - Advertising
  - Communication Services – person to person
  - Betting and Gaming
  
- IPTV will deliver interactive TV with genuinely useful applications that will enhance the overall communication and watching experience



## Other Opportunities - Mobile

- Two Way has the most advanced user friendly and secure packages for Mobile gaming
  - Keno
  - Casino and Fixed Odds Games
  - Sports Book
  - Multiple Black Jack
  - Lotteries
  
- Solutions already deployed on over 100 handset models
  
- The Winner Channel (operated by Two Way Media) is the only iTV fixed odds solution to be deployed on both the NTL and Telewest cable platforms.





- Portal Strategy



# Portal Strategy

- Two Way B to C proposition
- Needs to be complimentary to current B to B
- Will add value to existing platforms i.e Multi player
- Develops communities across all platforms
- Provides Two Way with its own dedicated marketing channel
  - 100% control
  - Cheap eyeballs
- Differentiator
  - Sets us apart from competitors
  - Product showcase, not only a product catalogue
- Revenue Generator





- Licensing



# Current Licensing

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- Two Way Media
  - Perpetual License for Australia and New Zealand will be continued but options in Asia to be re-negotiated
  
- Zone4Play
  - Currently provides Mobile Gambling technology with agreement in place for 5 years
  
- Branded Content
  - Currently entered into discussions providing branded games onto Two Way distribution platforms such as PCCW



- Branding

# Branding

- ❑ Branding reflects more accurately that interactive is not only TV
- ❑ We are Asia Pacific not just Australia
- ❑ “Interactive Entertainment” as our tag line easily explains what we do





- Financials



# Financials

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- Full year results are expected out Thursday 7<sup>th</sup> September with full commentary



- The Opportunity



# Asia Pacific Broadcaster Relationships

Country	Operator Connectivity	Services	Addressable Subscribers
Australia	Foxtel	Games	1,000,000
	Austar	Games	500,000
New Zealand	Sky	Games	526,000
	Sky Racing NZ Racing Board	Wagering	150,000
India	Star	Simcast	160,000,000
Asia	Maginet	Games	130,000
Hong Kong	Star	Simcast	*
	PCCW - Now Broadband	Games	550,000
China	Star	Simcast	*
<i>Total</i>			<i>162,856,000</i>

\* Star TV has a reach of 300 million however we have factored against this figure as to addressable eyeballs. The 160m is spread across China ,India and Hong Kong

# Asian Market Opportunity for Mobile Gambling

Mass market appeal of lotteries, and accepted lotteries culture, will lead Asia-Pacific to dominate the global mobile gambling opportunity

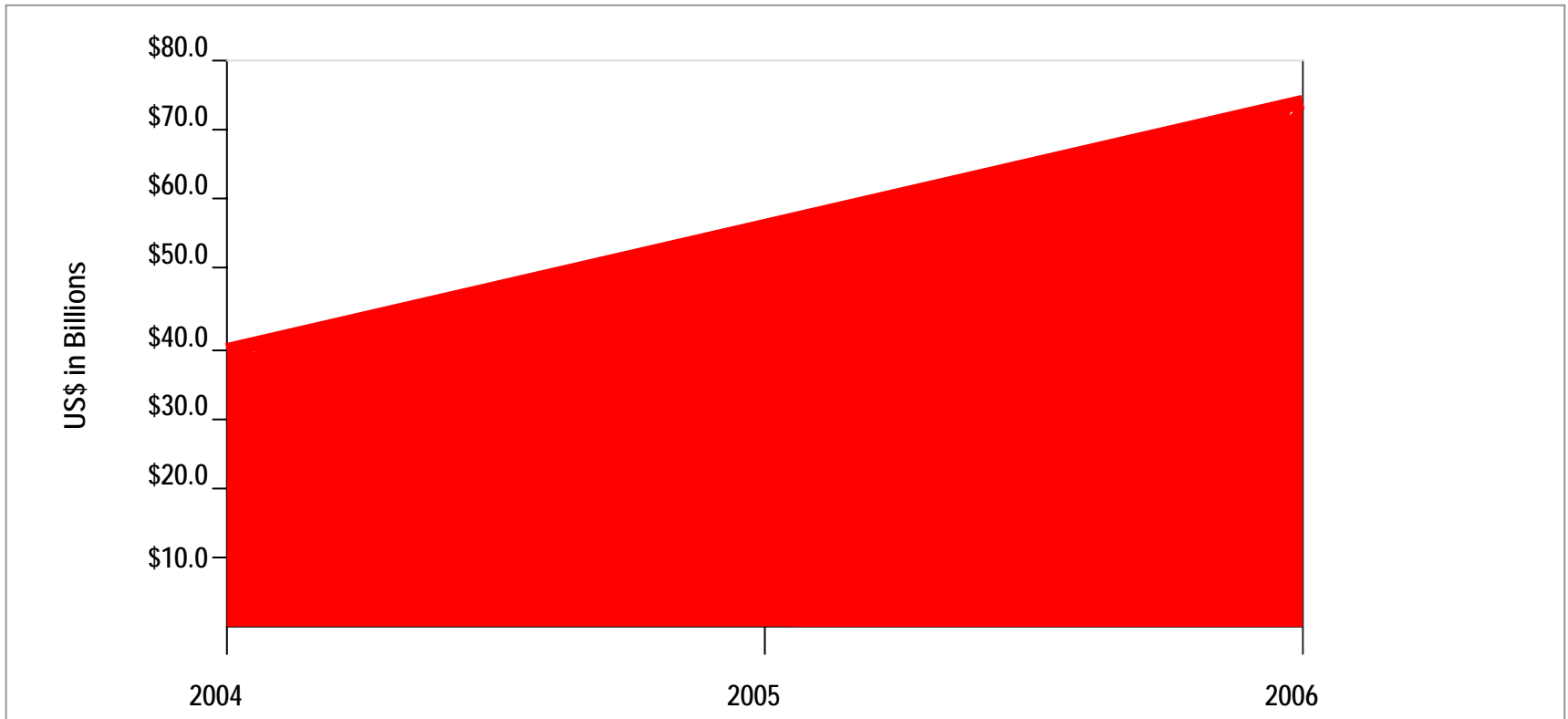
**Total Revenues (\$m) from Mobile Gambling Split by Casino, Lotteries & Betting Forecast 2004-2009 \$USD**

	2004	2005	2006	2007	2008	2009
Casino	\$142.0	\$651.5	\$1,743.1	\$3,367.7	\$3,998.8	\$4,570.2
Lotteries	\$108.1	\$599.9	\$2,197.4	\$4,720.4	\$6,489.5	\$7,865.6
Betting	\$217.9	\$816.4	\$2,129.1	\$3,800.0	\$5,137.9	\$6,884.7
<b>Total</b>	<b>\$468.0</b>	<b>\$2,067.8</b>	<b>\$6,069.6</b>	<b>\$11,888.1</b>	<b>\$15,626.2</b>	<b>\$19,320.5</b>

Source: Juniper Research



# Market Growth in Digital TV

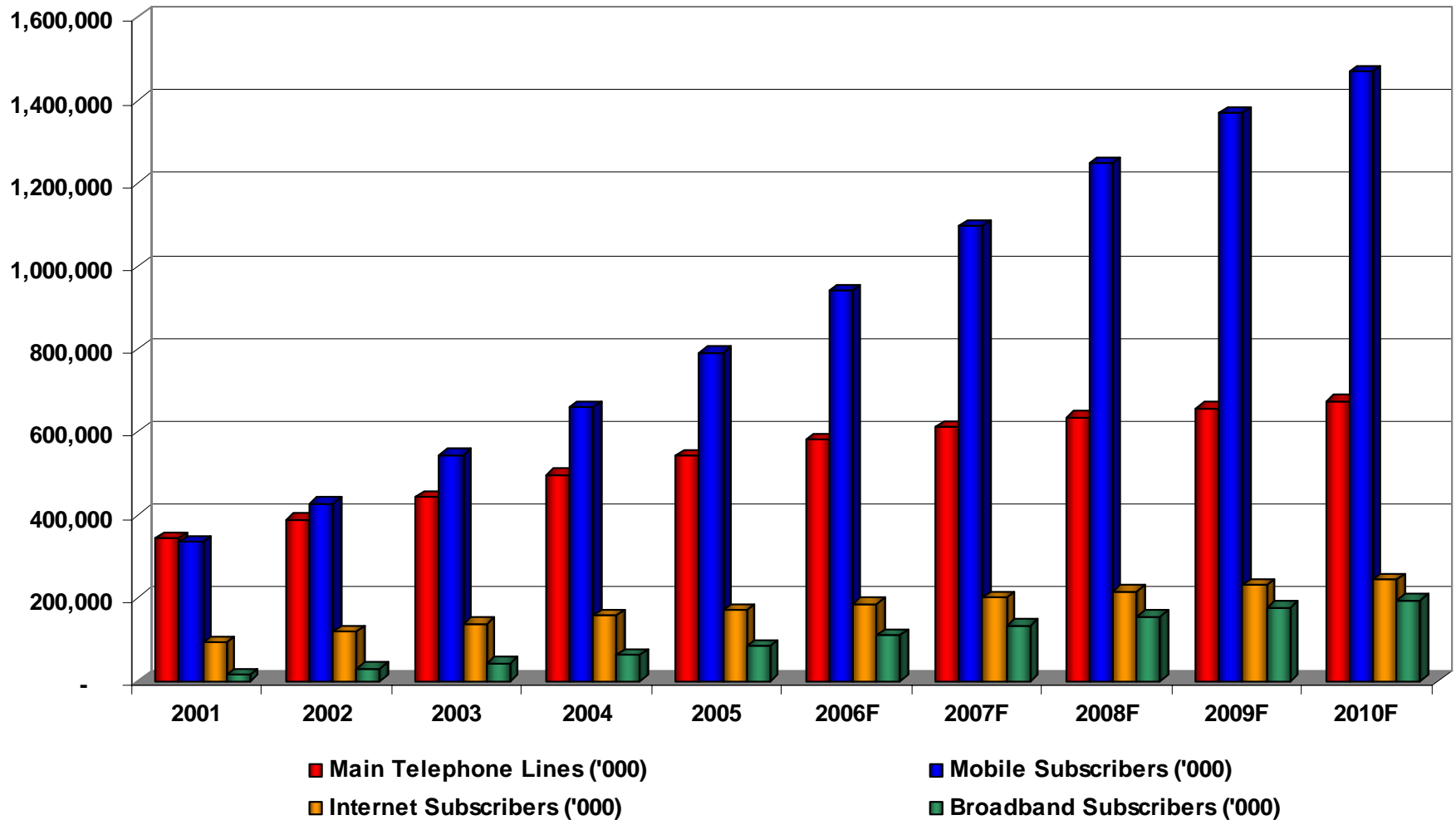


Total Digital pay-TV revenues will rise to US\$70 billion in 2006 and subscribers to 300 million by 2009; Asia Pacific will account for 90 million of those subscribers

Source: In-Stat 10/05



# Asia Telecom Subscribers 2001-2010F





# Market Trends – Mobile Data

- ❑ Global handset sales are expected to rise to 1 billion by 2009
  
- ❑ More Functionality
  - 20% + phones are Wi Fi enabled
  - 5% + are TV enabled
  - 40% + are MP3 or other music formats
  - Mass Storage capabilities
  
- ❑ Asia will dominates mobile phone technology where camera phones are able to take 3.2 megapixel images compared to 1.3 megapixel in Europe [Gartner Research]
  
- ❑ Digital music including downloads, ringtones and wireless applications will make up 25% of all music sales by 2007 – 2009 [EMI 2004]
  
- ❑ 3G Networks will only enhance user experience



# Multi-Media Capabilities Now Delivering...



- Faster connections, colour screens, high quality sound, Java, embedded video and MP3 players
- Multimedia handsets mean more compelling and richer content



- Summary



# Summary - Strategy for Growth

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- ❑ Strong progress being made in financial metrics.
- ❑ Successfully rolling out Simcast model for Star TV in Asia
- ❑ Positioned to take leadership in IPTV, evidenced by recent contracts with PCCW, Maginet, and M2BWorld
- ❑ Made substantial progress on Wagering application
- ❑ Two Way present in seven countries with Interactive Services
- ❑ Acquisition strategy to accelerate Group's footprint in Asia
- ❑ Two Way participating in rapidly expanding, yet early stage, interactive services