

ASX RELEASE

18 November 2010

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
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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 UNiTAB 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 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, UNiTAB, FOXTEL, Austar, Optus TV and Sky New Zealand.

To learn more about Two Way visit www.twowaytv.com.au

2010 Annual General Meeting of Two Way Limited

Chairman's Address

Good morning ladies and gentlemen, my name is Stuart McGregor. Welcome to our **sixth** 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; and
- Chris Grant-Foster.

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

Also in attendance are [Mr Leo Tutt] and Mr Neil Esho, 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.

2010 provided a mixture of very encouraging results, but also great frustration, for all Two Way Limited stakeholders.

We were, and continue to be, **greatly encouraged** by the rapid growth of our flagship TV wagering service, which was rebranded as TAB ACTIVE during the year. The rebranding was supported by a comprehensive, cost effective and successful marketing campaign. The result of which has seen turnover increase by 96% compared to the previous financial year. We are proud to note that our service was Tabcorp's fastest-growing method of betting during the year.

The TV wagering service was further expanded to cover two new racing channels launched by Sky Racing during the year.

It must also be noted that TAB ACTIVE is currently only available in the Sydney and Melbourne metropolitan areas (on the Foxtel and Optus TV platforms) – which makes the results all the more remarkable.

In May 2010, the Company was pleased to announce that it had signed a binding agreement to deploy our TAB ACTIVE service in Western Australia. Racing & Wagering Western Australia (the WA TAB), Foxtel and Sky Channel P/L are the other parties to the agreement. Formal regulatory approval had also been granted, with an expected launch of the service to occur in early calendar 2011.

Feedback from both punters and the racing industry in general, has been uniformly positive.

The Company's Way2Bet wagering portal has chalked up impressive growth, with a number of enhancements including the recent launch of a premium ratings service, operated by the well-known and respected racing industry expert, Michael Fraser.

Our skills in interactive TV development were further demonstrated by the successful deployment of an interactive chat service on the Foxtel platform. The success of this project led to a number of other bespoke development projects coming our way, which Ben will outline for you in a moment.

Whilst we are justifiably proud of these successes, the 2010 financial year has been one of **great frustration**, specifically in our plans to expand the TV wagering service across the country, and then overseas, where we have a real opportunity in Singapore. These plans have been delayed by the slow decision-making process of a number of State governments. They alone have the power to decide whether State-licensed TAB operators should be permitted to take bets using our technology.

Whilst our technology is ground-breaking, it is fundamentally no different from wagering via telephone and internet technologies, which are already approved and in fact more widely available than our TV wagering service.

We continue to explain to State governments that our technology provides significant benefits to their local TAB operators, particularly in the face of increasing and concerted competition from corporate internet bookmakers. We are confident that our continued efforts to convince State authorities of the benefits and safeguards of our service will result in approval being received in every State soon.

I would like to once again publicly thank our two key brokers and shareholders – Mr Robert Ward of EL & C Baillieu, and Mr John Murray of Bell Potter, for not only sharing in our Company's vision, but staying the course, particularly during this frustrating year.

This wonderful support has been amply demonstrated by both brokers' key involvement in, and support of, the Company's placement of shares to professional and sophisticated investors, announced to the ASX earlier this week. This placement was limited to \$0.4 million, as a prudent way of supplying the Company's cash requirements while limiting dilution for shareholders.

We also announced a Share Purchase Plan (SPP), which will allow all eligible shareholders to maintain or increase their proportionate shareholding in the Company, on the same pricing terms offered under the placement. You will shortly receive a letter inviting your participation in the SPP, and I urge you to consider the opportunity this provides to top up your holding. The SPP is intended to be limited to a total amount raised of \$0.6m.

Operational Highlights & Financial Review

I will now briefly run through the financial results for the 2010 year.

Operating revenues (excluding interest revenue) increased 17% from the previous year, to a total of \$1.7m. Operating costs (excluding non-cash charges) decreased 3% to 2.8m. This led to a 23% improvement in the operating result, to a loss of \$1.1m.

Non-cash charges were also greatly reduced, however, we still booked a non-cash impairment loss of \$1.6m in relation to the carrying value of the prepaid wagering fee, which was reduced to zero. As such, further impairment and amortisation charges have

been eliminated. As reported in our Annual Report, the requirement (under relevant accounting standards) to incur the impairment charge does not alter in any way the Board's view of the commercial prospects of the TV wagering service – a view which is supported by the strong results noted earlier.

The 2009/10 net loss of \$3.0m represented a 41% improvement on the previous year. It is important to note that two-thirds of this amount represents non-cash costs, which will not reoccur in the future.

Net cash flow improved 67%, to an outflow of \$0.2m.

Despite the improvement in the Company's net cash flow, it is yet to achieve a cash flow positive state. However, given the strong 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 some of the initiatives that we are taking to improve the Company's financial performance.



Annual General Meeting

November 2010

Ben Reichel
Chief Executive Officer
& Managing Director



“advanced interactive media and gambling applications”

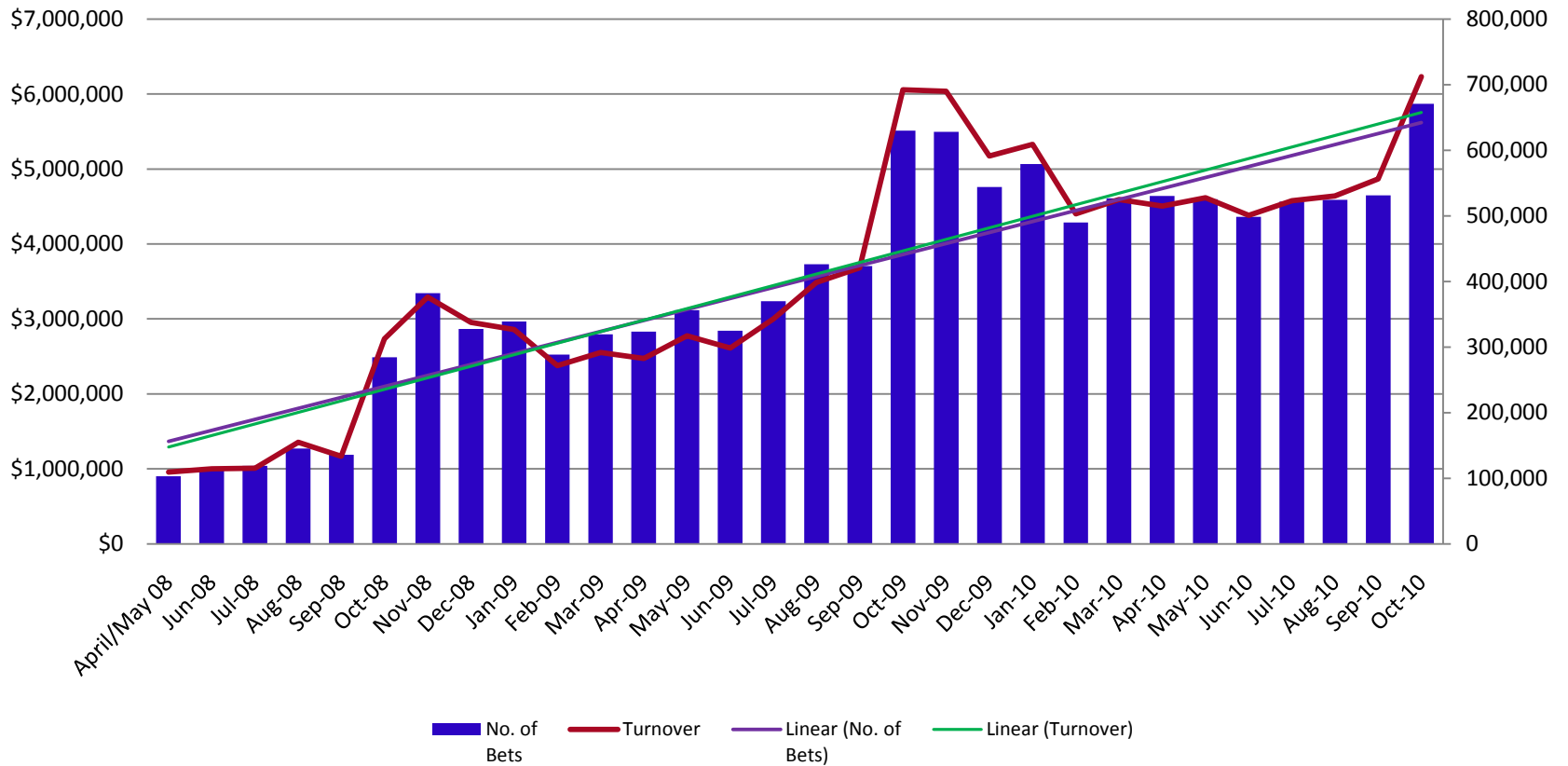
FY10 Highlights

- ☆ Rebrand of TV Wagering Service to TAB ACTIVE
- ☆ 96% increase in turnover and revenue through the service
 - ☆ Tabcorp's fastest-growing wagering channel
- ☆ Regulatory approval received in Western Australia, and binding contract signed with RWWA
- ☆ Operating revenues increased, while operating costs simultaneously reduced, for the third successive year
- ☆ Current Board and management team (appointed July 2007) has delivered:
 - ☆ 28% increase in operating revenues
 - ☆ 62% reduction in operating costs
 - ☆ 79% improvement in operating result
- ☆ Further improvement required – and is in progress

Performance



TAB ACTIVE Total Turnover & No. Of Bets



National Expansion



- ☆ Launch in Western Australia is expected in early calendar 2011
 - ☆ RWWA is currently in the final stages of its major project to replace its betting engine
- ☆ Commercial terms agreed with UNiTAB (Qld, SA, NT)
- ☆ Information service launched in Qld & SA
- ☆ Approval for betting extensively delayed in Queensland
 - ☆ Multiple meetings with the Minister and regulators – now seem to be making progress
 - ☆ THANK YOU to all shareholders have helped
- ☆ South Australia is part of the UNiTAB pool – generally Queensland approvals granted first



Fixed Odds Race Betting



Today's Gallops

Connected

tab active

TAB

12:40 Sky Racing Mdn Hcp 1000m

#	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	

SRW SKY1 SKY Racing 2

Ch+ Switch Channels

SELECT Show Form BET NOW
BACK Back Switch Odds

Horse: Shranap
Jockey: F Prat (60.0)
Trainer: J Artu
Form: 0156 Win: \$ 486
Status: Open Plc: \$ 342
Updated: 01:14:41 Tri: \$ 446

10:44:05 Next To Go

Wanganui 3	0 min
Cambridge 4	9 min
Cambridge 5	26 min
Wingatui 4	35 min
Cambridge 6	44 min

HOME HELP FULLSCREEN ACCOUNT LATEST RESULTS FOXTEL EXIT

- ☆ Fixed odds betting is now generating most of Tabcorp's turnover growth
- ☆ Will be added to TAB ACTIVE in early 2011
- ☆ Viewers can switch between tote and fixed odds for win & place bets
- ☆ Viewers can also compare the tote and fixed odds available for win bets

New business – FOX 8

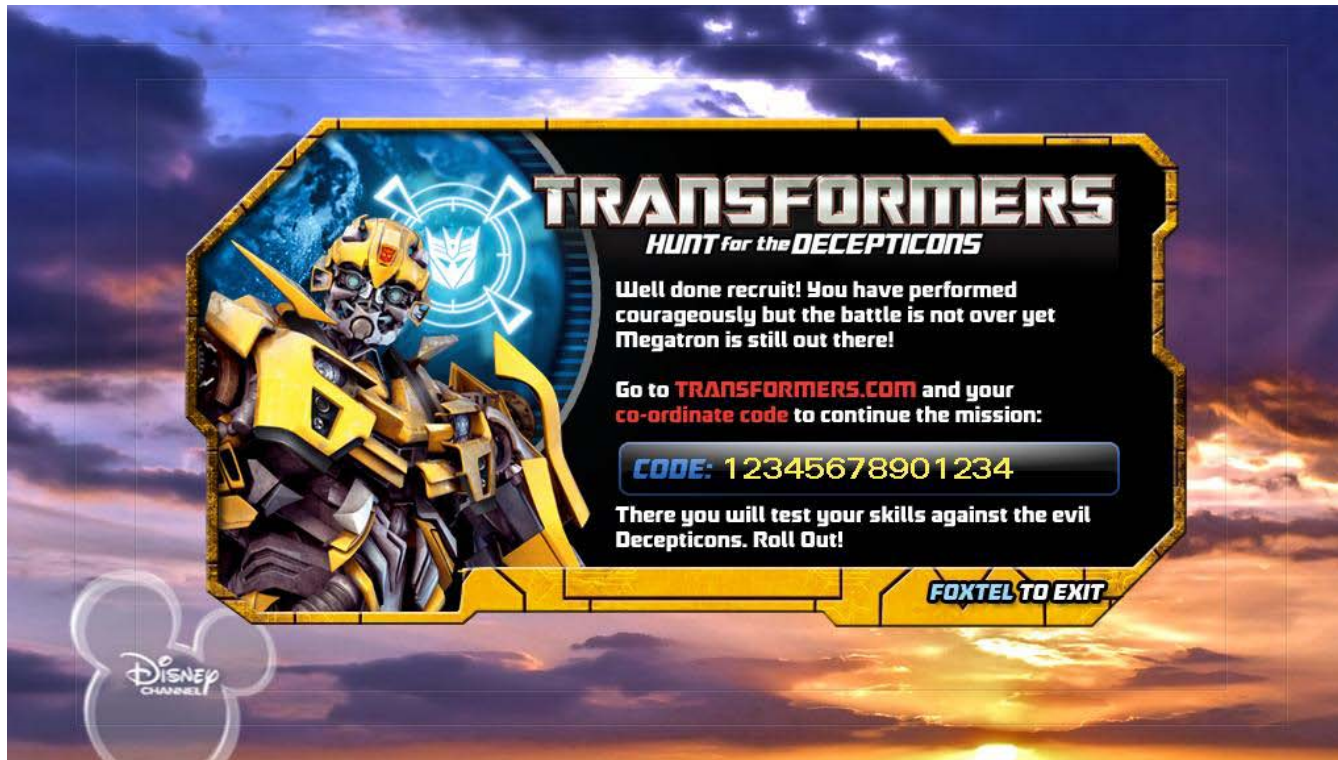
- ☆ Bespoke development revenues increased dramatically in FY10
- ☆ Multiple new projects in the pipeline



- ☆ “Chat On” application – initially deployed on “Australia’s Next Top Model” on the FOX 8 channel

New business – Disney Channel

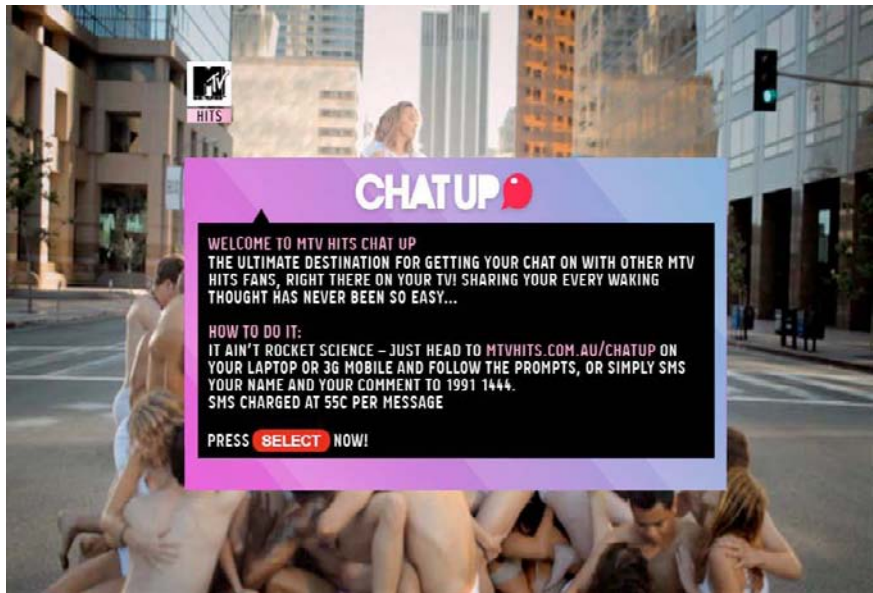
- ☆ Two Way continues to work with leading brands and channels
- ☆ Many opportunities to adapt and re-use our games portfolio



- ☆ “Hunt for the Decepticons” game for Disney Channel

New business – MTV

- ☆ Previous successful projects have led to new opportunities
- ☆ Enhancements to MTV channels:
 - ☆ “MTV Hits Chat Up” application on Foxtel
 - ☆ “MTV Classic Top 100” game on Austar



New Business – IPTV

- ☆ IPTV is a core area of expertise
- ☆ Two Way built the first ever IPTV games service for PCCW (the world's largest IPTV platform) in 2005
- ☆ Currently running IPTV games on the MagiNet (NTT DOCOMO) platform
 - ☆ Hotel in-room entertainment service – currently available to 5,000 rooms across 30 properties
 - ☆ Games sold at \$3.95 per hour, or \$6.95 per day
- ☆ Many new platforms and opportunities now becoming available



Way2Bet Enhancements

The screenshot shows the Way2Bet website interface. At the top, there is a navigation bar with links for Home, About Us, Mobile, Contact Us, Advertising, and a user profile section for 'breichel' with links for My Details, My Payments, My Blackbook, and Logout. A banner at the top right reads 'HELPING YOU TO BET BETTER'. The main content area features a 'Welcome to Premium Ratings!' section with a video of Michael Fraser on a horse. Below this, there are sections for 'Learn more about Michael Fraser', 'How Ratings Work', and three featured betting services: 'Premium Ratings', 'Michael Fraser's Best Bets', and 'Stable of Stars'. A sidebar on the left contains a menu with categories like NEWS, RACING, and SPORTS. On the right, there is a 'YOUR WINNING GUIDE TO THE BEST ODDS.' section with a table of 2011 Melbourne race odds.

2011 MELBOURNE	
Maluckday	17
Leon Tamar	46
Linton	63
Precedence	50
Precedio	65
Shooking	53
Dazzardo	70
Monaco Consul	110
Once Were Wild	120
Amerlain	83
Zooing	85
Moadre	36
Macedonian	90
In Imposing	110
Harris Tweed NI	100
Brazilian Pulse	48

- ☆ Way2Bet continues to improve in all metrics (traffic, unique users, and revenue)
- ☆ Supported by all major corporate bookmakers & betting exchanges
- ☆ Premium services now available, in partnership with Michael Fraser
- ☆ First time that revenue being earned directly from users

Other Key Developments

- ☆ New licence agreement negotiated with Two Way Media
 - ☆ We have been paying licence fees since April 2000 – initially \$500k per year (reduced to \$250k per year in 2007)
 - ☆ Could not terminate until October 2011 (then October 2016)
 - ☆ New deal saves us \$47k in the period up to October 2011
 - ☆ Will improve our cash flow after January 2011
 - ☆ We retain ongoing perpetual rights to all IP that we are using in our business, with no further payments
- ☆ Successful application for refundable tax offset under the Federal Government's R&D Tax Concession Scheme
 - ☆ \$207k now received

Summary

- ☆ Growth in our TV wagering service during 2010 shows the potential of our technology
- ☆ But overall, a very frustrating year
- ☆ Continuous improvement in the business, as shown by financial metrics – but much more work required
- ☆ Relentless focus on national expansion and new products
- ☆ Two Way is the leading provider of interactive TV wagering services in the Asia / Pacific region
- ☆ We have 10 years of interactive TV and IPTV expertise
- ☆ We are uniquely positioned, with valuable IP
- ☆ We are building a business that will deliver sustainable value to shareholders