

ASX RELEASE

30 September 2009

Market Update

Two Way Limited lodges the attached investor presentation, which includes further details about the current marketing campaign for the TAB ACTIVE TV wagering service.

For further information:

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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, with 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 wagering portal offers an extensive range of information resources to help punters bet better. These services are available via online and mobile devices at www.way2bet.com.au and way2bet.mobi.

Our Way2Play casual games portal complements and extends our interactive TV games channels.

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

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



Update October 2009

Ben Reichel
Chief Executive Officer
& Managing Director



“advanced interactive media and gambling applications”

Our Business

Two Way creates advanced interactive media and gambling applications

☆ Revenue Sources:

1. TAB ACTIVE – TV wagering service in NSW and Victoria
2. Way2Bet – online and mobile wagering portal
3. Way2Play – interactive TV and online games services

☆ Latest Developments:

1. TV wagering service performing strongly, driven by comprehensive marketing campaign
2. Memorandum of Understanding signed to deploy TV wagering service in Queensland and South Australia
 - Technical work for Qld/SA deployment complete
3. MOU signed and regulatory approval granted to launch service in Western Australia

TV Wagering Service



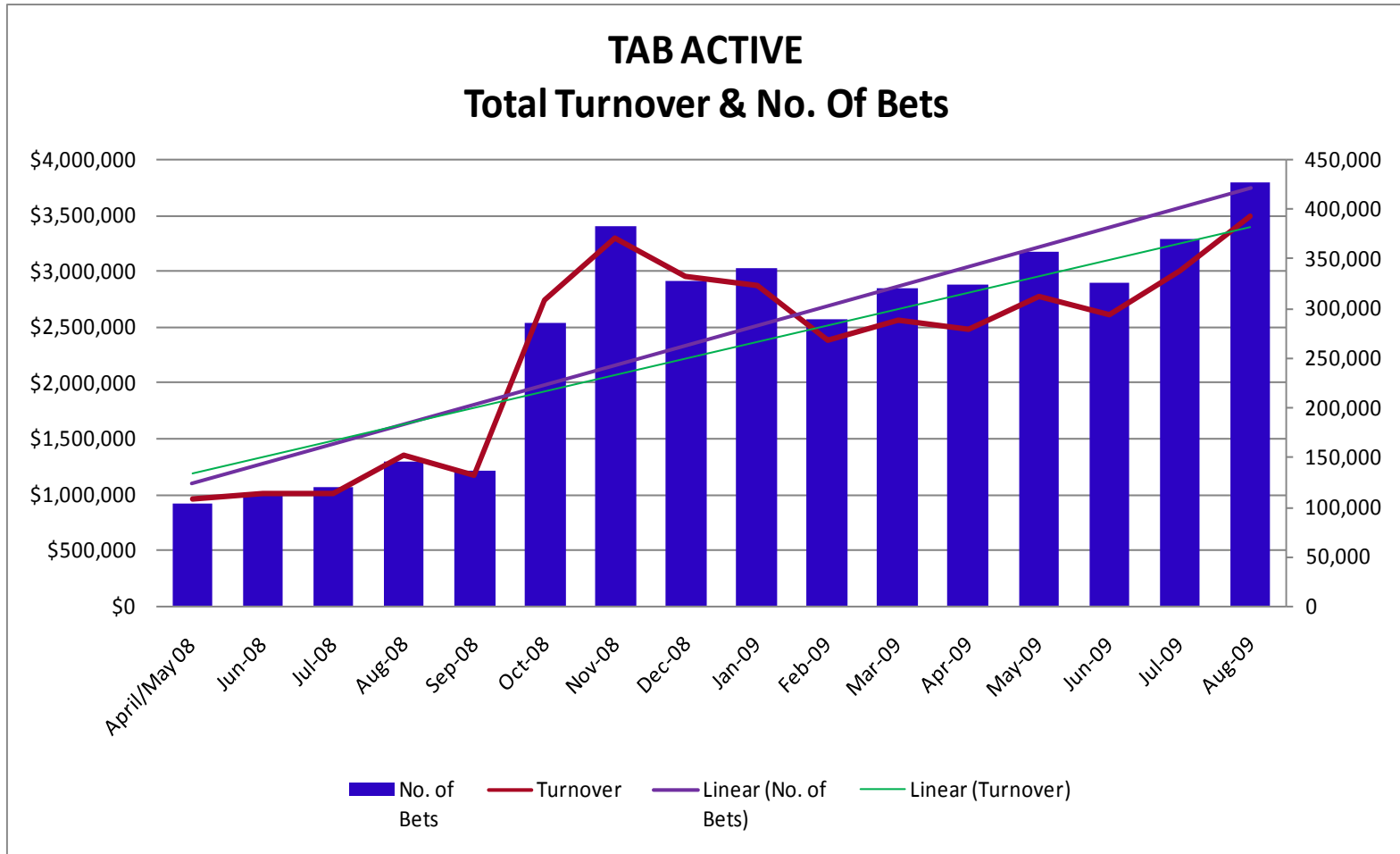
- ☆ Available on FOXTEL and Optus TV
- ☆ Betting available in Victoria from 28 April; NSW from 7 October 2008
- ☆ Two Way earns a fee derived from wagering turnover through the service
- ☆ Technology can be extended to other States, other pay TV carriers, other channels, and other products (eg. sports betting)
- ☆ Innovation patent granted

A screenshot of the 'tab active' TV wagering interface. The screen displays a horse race titled 'MR 7 - Win & Place' for '15:00 Geelong 7 (1140m)'. A list of 13 runners is shown with their names, odds, and a 'Bet' button. The runner 'Langly Miss' is selected with a checkmark. Below the list, there are input fields for 'Win' and 'Place' bets, both set to '\$5.00'. A 'Hint: Right to jump to Bet Amount' is visible. At the bottom, there are navigation buttons: 'HOME', 'HELP', 'FULLSCREEN', 'ACCOUNT', 'LATEST RESULTS', and 'EXIT'. On the right side, there is a live video feed of the race and a 'Press 3 for next to go' prompt. The date and time are 'Fri, 11 Sep 09 11:55:29'.

| Runner | Odds | 2nd Odds |
|---------------|------|----------|
| 1 Lights On | 7.80 | 2.90 |
| 2 Volte Face | 7.50 | 2.00 |
| 3 Ciro | 6.10 | 3.00 |
| 4 Aristides | SCR | |
| 5 Kartem Lass | 7.50 | 1.70 |
| 6 Langly Miss | 4.60 | 1.60 |
| 7 Hexy Legs | 14 | 5.80 |
| 8 One Outed | 7.50 | 2.30 |
| 9 Bluetrice | 9.70 | 3.30 |
| 10 Shottabitz | SCR | |

Two Way is the only company with a live service linked into the Tabcorp wagering engine

Performance



Marketing



“Bring it home!”

- ☆ Service now rebranded to TAB ACTIVE
 - ☆ Provides immediate recognition that it is a TAB betting channel
- ☆ New marketing campaign to coincide with Spring Racing Carnival
- ☆ TV commercials running on Fox Sports 1, 2 and 3; Fox Sports News; ESPN; Fox 8; and Sky Racing
- ☆ Radio commercials running on Sky Sports Radio (NSW) and Sport 927 (Vic)
- ☆ Press ads published in The Sportsman
- ☆ Direct mail to Tabcorp account holders who subscribe to Foxtel
- ☆ Online banner ads on AAP Racing and Sports, Racenet, and Way2Bet
 - ☆ Driving traffic to new website at www.tabactive.com.au
- ☆ Electronic direct mail

Marketing cont.

tab active

Turn your TV into a TAB



PUNTING AT HOME HAS NEVER BEEN EASIER!

TAB ACTIVE is the latest, fastest, easiest and most convenient way to bet with the TAB. Using your FOXTEL remote you can place bets, view fields, form, latest markets and results in real time. All you need is a NSW or VIC TAB account and your FOXTEL set-top box connected to your phone line and you are ready to bet via TAB ACTIVE. It's that easy! Simply press the **RED button** on your FOXTEL remote control when you're watching Sky Racing to launch TAB ACTIVE. **Bring it home!**



tab active

Currently available on FOXTEL and Optus in NSW & VIC only. TAB account and fixed telephone line required to bet. For more information visit tabactive.com.au or call 131 802. THINK ABOUT YOUR CHOICES. Call your state based gambling help services on 1800 858 858. In NSW call Gambling Help on 1800 858 858 or visit www.gamblinghelp.nsw.gov.au. Gamble responsibly.

Opportunities



| State | NSW [Live] | VIC [Live] | QLD | WA [Approved] | SA | TAS | ACT | NT |
|-------------------|-------------------------------|-----------------------------|--------------------------------|------------------|---------------------------------|-------------|------------|--------|
| TAB | Tabcorp | Tabcorp | UNiTAB | RWWA | UNiTAB | Tote Tas | ACT TAB | UNiTAB |
| Racing turnover* | \$4,423m | \$3,736m | \$2,081m | \$1,516m | \$711m | \$480m | \$211m | \$158m |
| Share of turnover | 33.21% | 27.72% | 15.63% | 11.38% | 5.34% | 3.60% | 1.58% | 1.18% |
| Pay TV operator | FOXTEL (Sydney), Austar | FOXTEL (Melb), Austar | FOXTEL (Bris/GC), Austar | FOXTEL | FOXTEL (Adelaide), Austar | Austar | FOXTEL | Austar |

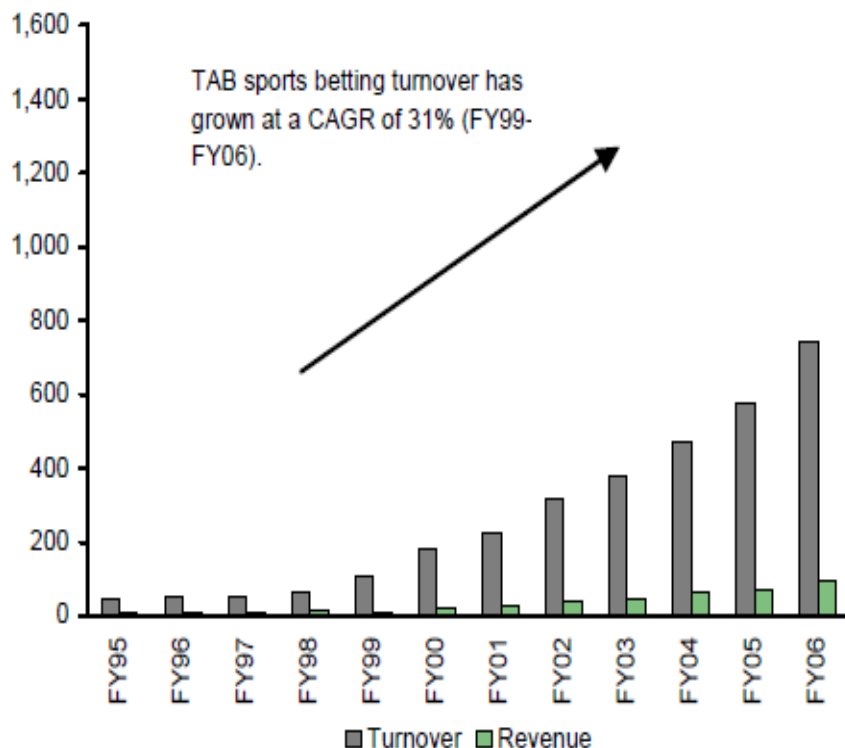
Green: Service now live

Red: MOU signed, regulatory approval granted

Blue: MOU signed, technical work completed

* Source: Australian Racing Factbook 2007-08. Parimutuel racing turnover only. Does not include sports betting.

Potential



Source: Australian Gambling Statistics, ABN AMRO

- ☆ Currently approx. 0.36% of Tabcorp's total turnover is flowing through our service [Internet 14.9%; Phone 10.2%]
- ☆ Sports betting and fixed odds race betting can be added readily (our service is already integrated into Tabcorp's betting engine)
- ☆ Tabcorp is the leader in fixed odds sports betting (est. 32% market share – nearest competitor has 13%)
- ☆ Tabcorp has opportunity in fixed odds race betting (est. 3% market share – leading competitor has 26%)

Other Revenue Sources



- ☆ Way2Bet online and mobile wagering portal
 - ☆ Odds comparison, free form guides, tips, etc
 - ☆ Revenue from advertising, new account bounties, commission, and premium services
 - ☆ Increasing levels of punter and bookmaker activity
 - ☆ All major bookmakers in Australia are clients
- ☆ Way2Play interactive TV and online games
 - ☆ 15,000 subscribers on Austar and Sky New Zealand
 - ☆ Subscription fees of \$5.95 per month – shared with broadcasters
- ☆ Bespoke development work for interactive TV



FY09 Results

- ☆ Operating revenue **increased 31%** to \$1.418m*
- ☆ Operating costs **reduced 35%** to (\$2.901m)^
- ☆ Operating result **improved 55%** to a loss of (\$1.436m)^
- ☆ Net cash flow **improved 90%** to an outflow of (\$0.585m)
- ☆ Depreciation and amortisation increased to (\$1.22m)
 - ☆ due to commencement of amortisation of upfront wagering fee, on a straight line basis over 5 year contract (service launched 28 April 2008 in Victoria)
- ☆ Net loss increased 17% to (\$5.146m)
 - ☆ due to *non-cash* charges – increased amortisation (as above), and impairment charge of \$2.466m in carrying value of upfront wagering fee

* *Excluding interest revenue of \$0.048m*

^ *Excluding D&A and impairment charge*

Underwritten Rights Issue

- ☆ 1 for 6 rights issue @ 4 cents
- ☆ Fully underwritten by Bell Potter Securities Limited
- ☆ Closes 23 October 2009
- ☆ Share capital:
 - ☆ Currently – 163,788,135 ordinary shares (and 2,470,000 unquoted options)
 - ☆ New shares under rights issue – 27,298,022
 - ☆ Total shares on completion of offer – 191,086,057
- ☆ Proceeds of \$1.09m (before costs) will be used to fund continued expansion and marketing of TAB ACTIVE service
- ☆ Two Way has no debt

High Level Strategy



☆ Remainder of FY10:

- ☆ Expand targeted marketing campaigns, in conjunction with Tabcorp and FOXTEL
 - ☆ To be scaled up as wagering service expands around Australia
- ☆ Finalise agreements to expand wagering service into other States
- ☆ Commercial launch of wagering service in other States
- ☆ Continue to explore sports betting and other interactive services

☆ FY11 and beyond:

- ☆ Explore deployment of wagering service outside Australia
- ☆ Add new interactive services, based on wagering platform