

ASX RELEASE

1 November 2007

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
& 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 completed an agreement with Tabcorp Holdings Limited (ASX:TAH) and Foxtel to jointly deliver a pay TV wagering service from late 2007, with the potential to establish similar relationships with other wagering and broadcasting partners throughout Australia and overseas.

Our interactive wagering application offers an extensive range of bet types and form guides, and utilises the latest synchronisation technology to enhance the user experience. This technology is now being applied to sports betting applications, including play for prizes and play for real.

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 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

2007 Annual General Meeting of Two Way Limited

Chairman's Address

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

As Chairman of Two Way and together with my fellow Directors – thank you for taking the time to be with us this morning.

I would like to introduce our Board of Directors.

- Chris Grant-Foster, who until recently was our Chief Executive Officer.
- Our new Chief Executive Officer and Managing Director, Ben Reichel
- And Craig Connelly, appointed in July this year.

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

I want to begin by thanking all shareholders for their support in the 2007 financial year. It has been a year of great change and in many respects a new beginning.

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

In particular, over the past year there have been some significant developments in progressing our interactive TV wagering service.

As most of you know, this product was a key driver of Two Way's Initial Public Offering.

And, of course, there are also some specific resolutions that need to be addressed.

However, I would first like to cover a number of corporate and financial issues.

Our Company has undergone significant change during the year both at Board and management levels and in its business development.

Strategy

Our initial focus was to develop and launch the interactive TV wagering service in Australia which underpinned our flotation as a public company in December 2004.

As well as operating an ongoing games service on Pay TV, we initiated a major push into the interactive media market in Asia. This was concentrated on Hong Kong with the establishment of a permanently staffed office. Important agreements were entered into with the region's major telecommunications operator PCCW for the provision of Pay TV games; and Star TV – part of News Corporation's Asian operations – to provide interactive TV services.

After a determined effort it was decided that the Asian business, which also included the exploration of opportunities in Singapore, Malaysia and India, was not sustainable. This, coupled with a major change at Board level, resulted in the adoption of a new and tightly focused strategy comprising 3 parts.

The first, which occupies our major focus, is the introduction of a TV Wagering Service. A contract with Foxtel and Tabcorp was signed on 8th June 2007 and we expect to launch the service in NSW and Victoria, subject to regulatory approval, by the end of this calendar year.

I am pleased to say that all the technical work is on schedule and excluding normal commercial risks, we see no major impediments to a successful launch before the end of the year. After the launch in NSW and Victoria we expect to roll out the service to other Australian

states and potentially New Zealand. Once the service is successfully established further opportunities will be explored in Asia.

Our second strategic arm has been to develop our “Way2Bet” business. This focuses on an internet and mobile portal and is being developed to facilitate sports betting including “Odds” comparisons supported by a range of information to assist wagering participants.

And thirdly, we are maintaining our casual games business with Australian and NZ Pay TV while seeking to extend our portfolio of games and broadcasters over a wider region. In streamlining this business we have renegotiated the licence arrangements with Two Way Media in the UK, substantially reducing costs.

In developing our 3 pronged strategy we have also cut costs dramatically, reducing staff costs by \$1.8m per annum as well as reducing our occupancy costs by 75%.

Two Way’s decision to focus on its core wagering and gambling applications was based upon the competitive advantages we hold in these sectors, as well as our existing contracts with market-leading partners and the potential for future growth.

Ben will discuss both the interactive wagering and Way2Bet businesses in more detail, but I think the key message that shareholders need to take out of this meeting is that Two Way has ended a difficult period with a definitive strategic plan and a clear platform for significant growth.

Finance

Which brings me to the 2007 full year financial results.

As I said in the Annual Report, Two Way’s results for the 2007 financial year highlighted the need for major strategic change.

While revenue of \$2.1 million remained the same as the previous year and the Net Loss After Tax improved from \$15.0 million to \$6.3

million, there is no doubt that we would have preferred to deliver a better financial outcome for the 2007 financial year.

This poor financial performance underlined the need for major strategic change and was largely driven by the underperformance of Two Way's casual games and media operations in Asia. This in turn led to a decision to close down the Asian-based operations and write-off the associated capitalised costs.

It is also worthwhile highlighting where the Board believes bottom line improvements will be generated in financial year 2008:

- The restructure of the business and relocation of our premises has already delivered significant savings in terms of people costs and rent, and is being immediately reflected in our financial performance.
- With the consolidation of casual games and the movement away from Asia, we will be paying significantly reduced license fees to third parties.
- It can be expected that the proposed launch of the Pay TV wagering service will deliver a new revenue stream in the second half of the year.
- Similarly, the Company's staged development of its Way2Bet website will deliver incremental revenue growth, commencing in the current financial year.

In summary, we are expecting to deliver a better bottom line in 2008, driven by a combination of reduced operating costs and growth in operating revenue.

Board and Management

Another area of the business to experience major change during 2007 was the Senior Management team and the Board of Directors.

Ben Reichel was appointed Chief Executive Officer and Managing Director on the resignation of Chris Grant-Foster, Ben having previously been the Company's Chief Operating Officer. He brings significant expertise and experience and is well placed to implement our new strategy.

Following the departures of Jim McKay, Jim McKerlie and Marco Carlei in June, two new non-executive directors were appointed – Chris Grant-Foster, our former Chief Executive Officer and now CEO of Insite Management; and Craig Connelly Managing Director of AR Capital Management, a successful funds management business.

In a period of great change we also saw the retirement from the Board of Josh Mantello in July and thank him for his valuable contribution.

Your Board is also actively considering the appointment of a fifth director. We are currently in discussions with a candidate of excellent credentials to assist our waging interests and hope to make an announcement before the end of the year.

I would like to conclude my remarks by again thanking shareholders for their support and look forward next year to reporting on the successful implementation of the key components of our strategy.

I would now like to introduce the Chief Executive Officer and Managing Director, Ben Reichel, who will provide an update on the company's major operational focus.



Two Way Limited

2007 AGM

CEO Presentation

Ben Reichel
Chief Executive Officer
& Managing Director



Our Business

Two Way creates advanced interactive media and gambling applications

Revenue Drivers

1. Pay TV wagering service
2. Way2Bet online and mobile wagering portal
3. Interactive TV games services

Cost Initiatives

1. Asian operations
2. Restructured workforce
3. Reduced licensing costs



Pay TV Wagering Service

- Linked to the Sky Racing channel on the FOXTEL platform
- Launch date target is late 2007, with initial deployment in both NSW and Victoria, subject to regulatory approvals
- Contract period is five years from launch
- Tabcorp pays a service fee derived from wagering turnover
- Two Way receives 100% of service fee from Tabcorp until \$5.6m recouped, then 50/50 revenue share with Foxtel
- Technology can be extended to other States, other pay TV carriers, other channels, and other products (eg. sports betting)



Pay TV Wagering Service

Help Guide

- How To Guide
- Betting Rules
- Responsible Wagering
- Conditions of Use
- FOXTEL Customer Support
- Tabcorp Customer Support
- About Two Way

powered by
twoway™

Select Option
Navigate Menu **BACK** Go Back

How To Guide: Press SELECT for detailed information on helpful hints on how to use this service.

Disconnected

Tue, 30 Oct 07 🕒 12:03:13

Press 3 for next to go

	New Zealand 4	-6 min
	New Zealand 1	18 min
	New Zealand 5	28 min
	New Zealand 2	38 min
	Gawler 1	51 min

1 HOME
HELP
FULLSCREEN
ACCOUNT
LATEST RESULTS
FOXTEL
EXIT




Pay TV Wagering Service

MR 5 - Win & Place Connected SKY RACING ACTIVE TAB

14:25 Werribee 5 (2200m)

Runners(15) \$59k / \$41k

1	<input checked="" type="checkbox"/> Classic Mate	5.90	2.10
2	<input type="checkbox"/> Brave World	9.70	3.00
3	<input type="checkbox"/> Osca Eric	13	3.70
4	Agents	SCR	
5	<input type="checkbox"/> Ain't No Mountain	4.60	1.70
6	Kaliningrad	SCR	
7	<input type="checkbox"/> Bono	58	20
8	<input type="checkbox"/> Coronation Crystal	5.70	2.00
9	Mary Goodnight	SCR	
10	<input type="checkbox"/> Moving On	8.30	2.70



Win: Place:

Press to place your bet

Select/Unselect BET NOW
 Navigate Clear Text

Wed, 31 Oct 07 14:24:07

Press 3 for next to go

	Balaklava 4	-7 min
	New Zealand 1	-3 min
	Werribee 5	0 min
	Sandown Park 9	4 min
	Townsville 3	7 min

1 HOME HELP FULLSCREEN ACCOUNT LATEST RESULTS FOXTEL EXIT



Way2Bet – Online and Mobile Portal



- ❑ www.way2bet.com.au online portal launched in April 07
- ❑ way2bet.mobi mobile portal launched in June 07
- ❑ Wide range of information resources – “helping punters bet better”
 - ✓ daily news & information for sports and racing
 - ✓ full odds comparison engine for all sports and racing
 - ✓ form guides for all race meetings
 - ✓ sports and racing calendar
 - ✓ bet of the day
 - ✓ weekly newsletter
 - ✓ betting guides



Way2Bet online portal



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- NEWS** **ODDS**
- Bet of the Day
- Bookie Offers
- Calendar
- LIVE Scores
- RACING**
- Racing News
- Form Guides
- Today's Racing
- SPORTS**
- AFL
- Rugby League
- Rugby Union
- Soccer
- Boxing
- Tennis
- Golf
- Motor Sports
- Cricket
- Basketball
- HFL
- Baseball
- Entertainment
- Elections
- BETTING GUIDES**
- Racing
- Sports
- GAMES**
- Way2Play-Home
- Way2Play-Tringo!

Latest News



Super 14 Semi Finals

The Super 14 season continues to throw up surprises – with the Bulls and Sharks holding home ground advantage and the once invincible New Zealanders against the ropes. We're down to four – and its game on in South Africa.

10 May 1:30 AM



Rugby Union

- [Rugby World Cup 2007](#)
- [Super 14 2007 Winner](#)
- [Tri Nations Winner](#)
- [European Challenge Cup](#)
- [Super 14 Semi Finals](#)
- [Heineken Cup](#)
- [Six Nations 2008](#)

Best odds for Super 14 2007 Winner		
BULLS	3.25	BLUESQ
SHARKS	3.3	sports document
CRUSADERS	3.35	BETWORKS
BLUES	8.0	sportingbet

[Show all Odds](#)

\$200 FREE BET
ON \$100 DEPOSIT

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AFL Round 7

Way2Bet takes a look at the form and betting markets going into Round 7 of the AFL, where it proves to be another interesting week, with two teams still battling to get their first win for the season.



BTC Cup Takeover a harder Target

A wide barrier has made Takeover Target's mission to win the Group One BTC Cup at Doomben on Saturday a little bit tougher, but not impossible.



Scott in the swing at Players Championship

A fruitful session with his coach has left Adam Scott confident that his game is back on track for the \$A9.7 million Players Championship starting Thursday.



NBA Playoffs Update

LeBron James scored 36 points and handed out a playoff career-high 12 assists as the Cleveland Cavaliers posted a 102-92 win over New Jersey in game two of the NBA quarter-finals today.



Odds vary for Tiger & co.

Once more Tiger Woods is favoured this time in the Players Championship. Down the board there are some significant



NRL Round 9 Teams

Round 9 of the NRL is almost upon us. Way2Bet gives you an early look at all the team lineups.

The Round-Up

First Name:

Surname:

Email:

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Aussie quartet for King's Stand
 The speedy Australian quartet of Takeover Target, Bentley Biscuit, Miss Andretti and Magnus head the 26 entries still standing for the King's Stand Stakes on the opening day of Royal Ascot.
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Other Gallops News
[> Newitt talking up Andretti chances](#)
[> Golden Jubilee Stakes - Betting the Aussies](#)
[> Lawman runs the rule over French Derby](#)
[> Jenkins dreaming of second Melbourne Cup](#)
[> Form Guides now available](#)
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way2bet **ODDS**

HRL 2007 Futures
Best Odds - Winner
 Best Book Value 110%

STORM	2.75	
SEA EAGLES	5.00	
EELS	10.00	
BRONCOS	12.00	
WEST TIGERS	13.00	
COWBOYS	15.00	
SHARKS	21.00	
BULLDOGS	21.00	
WARRIORS	51.00	
TITANS	51.00	
KNIGHTS	61.00	
PANTHERS	67.00	
DRAGONS	81.00	
ROOSTERS	81.00	
RAIDERS	101.00	
RABBITOHS	101.00	

Other Markets Available
[> Top 8](#)
[> Top 4](#)
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TODAY

Gallops
[> CESC](#)
[> MOE](#)
[> UK](#)
[> NEWCASTLE](#)

Harness
[> HAROLD PARK](#)
[> HARVEY](#)
[> ARARAT](#)
[> ALBION PARK](#)

WED 20 JUN 2007

Gallops
[> DOOMBEN](#)
[> SANDOWN](#)
[> WARWICK FARM](#)
[> STRATHALBYN](#)
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Way2Bet – next steps

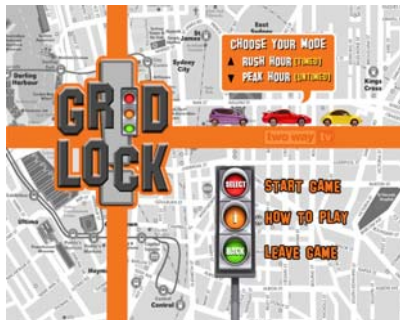


- ❑ Further development of revenue sources:
 - ✓ Advertising sales
 - ✓ Affiliate fees
 - ✓ Premium services
- ❑ Enhancement program currently adding new features to build client database, increase potential revenue
- ❑ Strategic marketing campaigns to drive traffic to the portal
- ❑ Traffic and revenue numbers continue to grow



Interactive TV Games

- ❑ Existing contracts with FOXTEL, Austar, and Sky New Zealand
- ❑ 30,000 subscribers paying a fee of \$5.95 per month – shared with broadcasters
- ❑ Additional 4,000 subscribers pay \$1.98 per day or \$0.99 per play (on FOXTEL)
- ❑ Opportunities to grow subscribers and revenue
- ❑ 3rd party licence fees now reduced – funds directed to developing our own games – gives us control of product and ownership of assets





Asia

- ❑ Existing Asian contracts have not developed any sustainable revenue streams
- ❑ Rights to Simcast product (used by STAR) cease in December
- ❑ To maintain rights, would need to exercise options with Two Way Media (UK)
 - ❑ Ongoing licence fees would cost A\$7m per year
- ❑ Now finalising smooth exit from current Asian operations
 - ❑ Office closed and staff hired by our business partner, Accedo Broadband
- ❑ Have maintained good relationship with clients, and with Hong Kong based business development representative
 - ❑ Will seek to deploy TV wagering technology in due course



Cost Saving Initiatives

- ❑ Workforce restructure completed – staff costs reduced by \$1.8m p.a. in FY08
- ❑ Move to new office premises completed – rental costs reduced by 75%, with savings over next three years of \$800k against previous lease
- ❑ Zone4Play licence costs eliminated in years 4 and 5 of contract (FY09, FY10), saving over \$900k in total
- ❑ Two Way Media (UK) licence costs for Australia / New Zealand reduced by 50% (from \$500k p.a. to \$250k p.a.), commencing January 2008
- ❑ Total third party licence costs reduced by almost \$1 million per year by FY09
 - ❑ from \$1.19m in FY07 to \$0.25m in FY09



Two Way Limited – The Future



- Ground zero with a solid platform for growth
 - Tight fiscal management
 - Drive revenue growth
 - Moving to cash-flow positive position
- Core focus is Wagering and Gambling
 - Pay TV Wagering Service
 - Way2Bet online and mobile portal
- Further distribution opportunities for TV wagering technology, in both Asia and Australia / New Zealand
- Will assess opportunities in the core business areas of Wagering and Gambling as they arise – any opportunities will be measured against detailed financial analysis and strategic criteria