

ASX RELEASE**14 April 2011****Cash Flow Statement and Investor Update**

Two Way Limited attaches its cash flow statement for the quarter ended 31 March 2011.

Investor Update – Performance of TV Wagering Service

Turnover through the Company's TV wagering service, TAB ACTIVE, continues to perform to expectations, coming off a record December quarter. The March quarter is a traditionally quieter period in between the key Spring and Autumn Racing Carnivals. Turnover was also impacted by the adverse weather during the quarter. Tabcorp Holdings Limited noted in its trading update yesterday that revenues across its Wagering division "were adversely affected by the wet weather in January and early February 2011 which resulted in a high number of abandoned race meetings coupled with reduced field sizes due to the state of the tracks."

Partly as a result of these factors, the average bet size through the TAB ACTIVE service for the March quarter was \$8.75. This was a slight decrease (3%) on the December 2010 quarter.

However, average bet size is expected to increase with the availability of fixed odds betting through the service, which was launched on 10 March 2011. This finally brought TAB ACTIVE in line with all other Tabcorp wagering channels. The average tote bet in the March month increased to \$9.17, while the average fixed odds bet (since 10 March) was \$26.20.

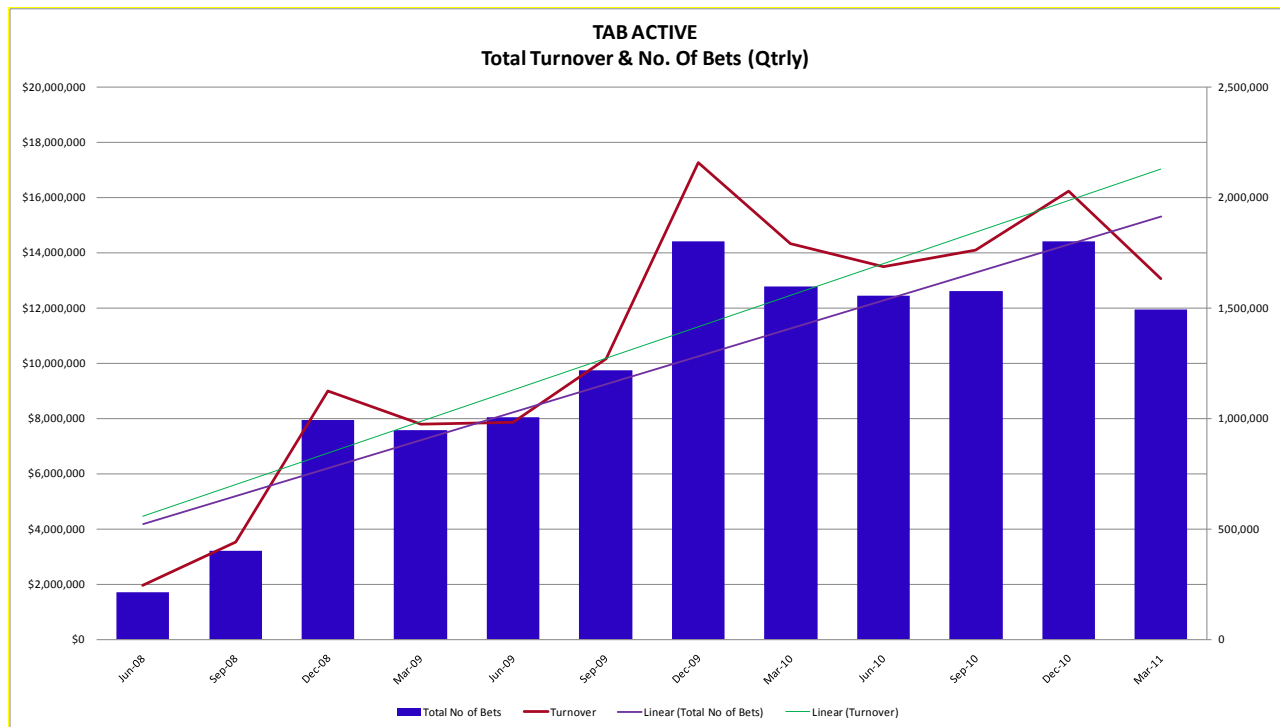
As at the end of March 2011:

- Total turnover through the service has now exceeded \$129 million.
- More than 14.6 million bets in total have been placed through the service, with more than 1.5 million in the March quarter alone.
- The average number of bets per day during the quarter was 16,594. This was a decrease of 18% on the December 2010 quarter, which was expected given the previous quarter included the Spring Racing Carnival, and the impact of adverse weather as noted above.

Roll out of TAB ACTIVE across Australia is now being ramped up, following the receipt of regulatory approval in Queensland on 30 March 2011. Betting through the service is on track to launch in Brisbane and the Gold Coast on the Foxtel platform prior to Easter 2011. The Company is confident that regulatory approval will shortly be received in South Australia, while Western Australia is on track for launch in mid-2011.

The graph below shows the overall trend in turnover through the service, and the number of bets per quarter, as at the end of the March 2011. Note that this graph is now presented on a quarterly basis, rather than monthly as in previous ASX releases.





Cash flow statement for the quarter ending 31 March 2011 (attached)

Key details are as follows:

1. **Receipts from customers** \$423,000

Cash receipts from the TV wagering service were down 21% on the prior quarter. This was not unexpected, given the previous quarter included the Spring Racing Carnival, and the impact of adverse weather as noted above.

Way2Bet continued to perform above expectations, recording another strong quarterly result. Key factors include increased patronage of the Way2Bet site, and significantly higher win rates for many of our corporate bookmaker clients (resulting in increased commissions to Way2Bet).

Revenue receipts from a number of one-off development projects were also settled during the quarter.

2. **Net operating cash flow** (\$267,000)

The March 2011 quarter included the final licence fee payment (\$84,000 including withholding tax) to Two Way Media (UK), as part of the recent favourable renegotiation of the licensing arrangement with that company. As reported previously, no further licence fees are payable, although the licences are now perpetual.

Excluding the effects of the final licence fee payment, net operating cash flow would have been (\$183,000). This represents the best quarterly net cash flow result since the Company listed, apart from quarters in which the proceeds of capital raising were received.



The Company continues its focus on tight cost control.

3. **Net financing cash flow** (\$10,000)

During the quarter, the final share issue expenses relating to capital raising activities in November 2011 were settled.

4. **Total net cash flow** (\$279,000)

5. **Cash on hand** **\$484,000**

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 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 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



Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000 Amended 30/9/2001, 24/10/05, 17,12/10

Name of entity

TWO WAY LIMITED

ABN

28 007 424 777

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from customers	423	1,304
1.2	Payments for (a) staff costs	(395)	(1,166)
	(b) advertising & marketing	(6)	(76)
	(c) R&D rebate	0	207
	(d) leased assets	(1)	(4)
	(e) other working capital		
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	9	23
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other – licence fees	(84)	(319)
	Other – consultants' fees	(38)	(139)
	Other – rental costs	(26)	(78)
	Other – telecommunications	(109)	(342)
	Other expenses	(40)	(195)
Net operating cash flows		(267)	(785)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(267)	(785)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(2)	(4)
(e) other non-current assets		
(f) short term deposit		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(2)	(4)
1.14 Total operating and investing cash flows		
Cash flows related to financing activities		
1.15 Proceeds from issue of shares, options, etc	0	565
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other – share issue expenses	(10)	(35)
Net financing cash flows	(10)	530
Net increase (decrease) in cash held	(279)	(259)
1.21 Cash at beginning of quarter/year to date	763	743
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	484	484

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	52
1.25	Aggregate amount of loans to the parties included in item 1.11	N/A
1.26	Explanation necessary for an understanding of the transactions Included in Staff Costs in Item 1.2 are Board Fees paid to non-executive directors or their related entities amounting to \$52,093	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	N/A	
3.3 Explanation necessary for understanding transactions		

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	484	763
4.2 Deposits at call	0	0
4.3 Bank overdraft	0	0
4.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.23)	484	763

Acquisitions and disposals of business entities

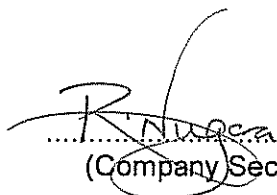
	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


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(Company Secretary)

Date: 14 April 2011

Print name: Rointon Nugara