

**ASX RELEASE**

**29 July 2011**

**Cash Flow Statement and Investor Update**

Two Way Limited attaches its cash flow statement for the quarter ended 30 June 2011.

**Investor Update – Performance of TV Wagering Service**

The Company's TV wagering service, TAB ACTIVE, received regulatory approval in Queensland on 30 March 2011, and was launched in Brisbane and the Gold Coast on 20 April. Regulatory approval was received in South Australia two months later, and the service was launched in Adelaide on 9 June. Launch of the service across Western Australia occurred yesterday, 28 July, which means that TAB ACTIVE is now available in all mainland States on the Foxtel network.

In the June quarter, usage of the service was light in the TattsBet states of Queensland and South Australia. This is because there was no promotion in those States until after South Australia went live on 9 June. In addition, there was an initial technical problem affecting some Foxtel set-top boxes in Queensland, which has now been fixed.

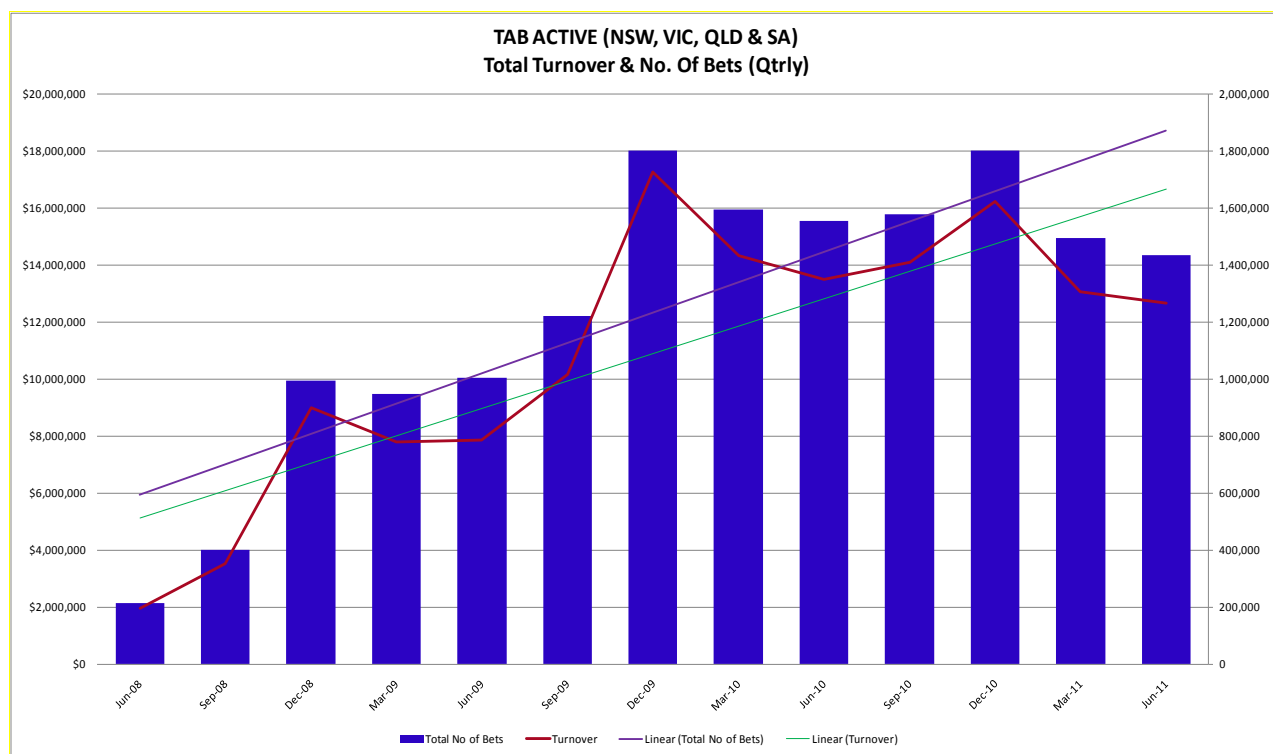
Average bet size through the TAB ACTIVE service for the June quarter was \$8.83, up from \$8.75 on the previous quarter. This may reflect the growing impact of fixed odds betting, which is currently available on TAB ACTIVE in NSW and Victoria.

As at the end of June 2011:

- Total turnover through the service has now exceeded \$141 million.
- More than 16 million bets in total have been placed through the service, with more than 1.6 million in the June quarter alone.
- The average number of bets per day during the quarter was 16,060. This was a decrease of 3% on the March 2011 quarter.

The decrease in number of bets may reflect a more subdued consumer environment, with household savings at very high levels. It may also reflect the lack of marketing of the service during the quarter, as the Company has focused on rolling out the service on a national basis. Subject to available funding, Two Way now plans to work with its partners at Tabcorp, TattsBet, Racing and Wagering WA and Foxtel to promote the TAB ACTIVE service on a national basis.

The graph on the next page shows the total turnover and the number of bets through the service, on a quarterly basis.



## Cash flow statement for the quarter ending 30 June (attached)

Key details are as follows:

### 1. Receipts from customers \$377,000

Cash receipts from the TV wagering service increased by 1% on the prior quarter.

Way2Bet receipts slipped slightly (down 3%) on the prior quarter, with many corporate bookmaker clients recording a drop in win rates (which results in lower commissions for Way2Bet). It should be noted that in June, Way2Bet's corporate bookmaker clients experienced significantly higher win rates, but the Company did not receive the cash for June month revenues until July.

Games receipts were down 4% on the previous quarter, but successful promotional initiatives towards the end of the June quarter should see an increase in receipts in July.

Total customer receipts were down 11% on the previous quarter, primarily as a result of the higher number and value of ad hoc development projects undertaken in the latter months of calendar 2010 and in the March quarter. June quarter receipts for ad hoc projects totaled \$29,000, as compared to \$75,000 during the March quarter.

### 2. Net operating cash flow (\$251,000)

As noted in the March Quarter Cash Flow Statement, the Company successfully renegotiated a new arrangement with Two Way Media (UK) under which no further licence fees are payable, although a perpetual licence is in place. The June quarter is the first to benefit from this significant cost saving.



All key operating lines recorded a reduction in outflows for the quarter, reflecting the continual focus on tight cost control. However there were additional costs relating to investor relations activities, as well as the temporary engagement of additional developer resources to accelerate the addition of new features to the TAB ACTIVE service.

- |    |                            |                  |
|----|----------------------------|------------------|
| 3. | <b>Total net cash flow</b> | (\$253,000)      |
| 4. | <b>Cash on hand</b>        | <b>\$231,000</b> |

The Company notes that it closed a non-renounceable rights issue on 22 July, and raised \$315,000 before underwriting costs. The proceeds will be received today, and will be used to fund working capital, and in particular, the Company's planned marketing campaign for its TV wagering service, which is now available on a national basis.

As disclosed to the market in June, a potential strategic investor is currently conducting due diligence on the Company. This may lead to a further placement of capital in the near future, which would increase the financial flexibility of the Company.

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For further information:

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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](http://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](http://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")

30 June 2011

### Consolidated statement of cash flows

| Cash flows related to operating activities                | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|-----------------------------------------------------------|----------------------------|----------------------------------------|
| 1.1 Receipts from customers                               | 377                        | 1,680                                  |
| 1.2 Payments for (a) staff costs                          | (373)                      | (1,539)                                |
| (b) advertising & marketing                               | (29)                       | (105)                                  |
| (c) R&D rebate                                            | 0                          | 207                                    |
| (d) leased assets                                         | (1)                        | (5)                                    |
| (e) other working capital                                 |                            |                                        |
| 1.3 Dividends received                                    |                            |                                        |
| 1.4 Interest and other items of a similar nature received | 6                          | 29                                     |
| 1.5 Interest and other costs of finance paid              |                            |                                        |
| 1.6 Income taxes paid                                     |                            |                                        |
| 1.7 Other – licence fees                                  | (4)                        | (323)                                  |
| Other – consultants' fees                                 | (61)                       | (200)                                  |
| Other – rental costs                                      | (25)                       | (103)                                  |
| Other – telecommunications                                | (102)                      | (444)                                  |
| Other expenses                                            | (39)                       | (233)                                  |
| <b>Net operating cash flows</b>                           | <b>(251)</b>               | <b>(1,036)</b>                         |

+ See chapter 19 for defined terms.

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

|                                                      | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|------------------------------------------------------|----------------------------|----------------------------------------|
| 1.8 Net operating cash flows (carried forward)       | (251)                      | (1,036)                                |
| <b>Cash flows related to investing activities</b>    |                            |                                        |
| 1.9 Payment for acquisition of:                      |                            |                                        |
| (a) businesses (item 5)                              |                            |                                        |
| (b) equity investments                               |                            |                                        |
| (c) intellectual property                            |                            |                                        |
| (d) physical non-current assets                      | (2)                        | (6)                                    |
| (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)             |                            |                                        |
| <b>Net investing cash flows</b>                      | (2)                        | (6)                                    |
| <b>1.14 Total operating and investing cash flows</b> |                            |                                        |
| <b>Cash flows related to financing activities</b>    |                            |                                        |
| 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                    | 0                          | (35)                                   |
| <b>Net financing cash flows</b>                      | 0                          | 530                                    |
| <b>Net increase (decrease) in cash held</b>          | (253)                      | (512)                                  |
| 1.21 Cash at beginning of quarter/year to date       | 484                        | 743                                    |
| 1.22 Exchange rate adjustments to item 1.20          |                            |                                        |
| 1.23 <b>Cash at end of quarter</b>                   | <b>231</b>                 | <b>231</b>                             |

+ 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<br>\$A'000 |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2                                                                                                                                     | 45                         |
| 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<br>Included in Staff Costs in Item 1.2 are Board Fees paid to non-executive directors or their related entities amounting to \$45,005 |                            |

**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

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+ See chapter 19 for defined terms.

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

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

|                                                          | Amount available<br>\$A'000 | Amount used<br>\$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<br>\$A'000 | Previous quarter<br>\$A'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| 4.1 Cash on hand and at bank                                                                                                                                | 231                        | 484                         |
| 4.2 Deposits at call                                                                                                                                        | 0                          | 0                           |
| 4.3 Bank overdraft                                                                                                                                          | 0                          | 0                           |
| 4.4 Other (provide details)                                                                                                                                 | 0                          | 0                           |
| <b>Total: cash at end of quarter (item 1.23)</b>                                                                                                            | <b>231</b>                 | <b>484</b>                  |

**Acquisitions and disposals of business entities**

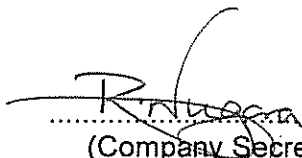
|                                               | Acquisitions<br>(Item 1.9(a)) | Disposals<br>(Item 1.10(a)) |
|-----------------------------------------------|-------------------------------|-----------------------------|
| 5.1 Name of entity                            |                           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

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+ 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:  ..... Date: 29 July 2011  
(Company Secretary)

Print name: Rointon Nugara