

ASX RELEASE

30 April 2012

Cash Flow Statement and Investor Update

Two Way Limited attaches its cash flow statement for the quarter ended 31 March 2012.

Investor Update – Performance of Way2Bet Portal and TV Wagering

TAB Active continues to play a significant part in Two Way's growth potential in Australia. Turnover for the March quarter in the established States of New South Wales and Victoria totalled \$11,600,000. The newer States of Queensland, South Australia and Western Australia continued to grow, with turnover for all three States totalling \$727,000 for the quarter, in line with the previous quarter. Total turnover for the YTD period was \$40,026,000.

This result will continue to improve as new improvements to the service and marketing are implemented in the following months with our partners.

Two Way welcomed the recent regulatory approval granted of Foxtel's bid to acquire Austar. The Company considers that this will lead to an opportunity for a major expansion of our service into rural areas and regional centres in all States.

The Company's Way2Bet online and mobile wagering portal performed strongly in the quarter, with revenues of \$73,000, one of the highest on record, again despite minimal marketing spend. In February, the Company undertook a comprehensive review of the portal, recognising the potential to significantly grow revenues. Flowing from the review, the Company launched a Search Engine Optimisation programme and a Social Media marketing campaign, which saw a significant increase in traffic to the site in a short period of time.

A revamped Way2Bet online site was launched on 20 March, with early feedback from punters and bookmaker partners being extremely positive. The Company has also developed two additional sites dedicated specifically to the NRL (www.rugbyleaguebestbets.com.au) and AFL (www.aussierulesbestbets.com.au) football codes, which will include specific bookmaker offers. Both new sites were successfully launched this month, with a new bookmaker offers site (www.bookiebestbet.com.au) launching in early May 2012.

IPTV revenues from the new Sportingbet application on Samsung internet televisions and other target devices, commenced during the quarter. As expected, initial commission revenues are starting from a low base but in line with expectations, and will expand rapidly with the support of comprehensive marketing and awareness of the services.

Cash flow statement for the quarter ending 30 September (attached)

Key details are as follows:

1. **Receipts from customers** \$356,000

Overall customer receipts were in line with the previous quarter.

Way2Bet receipts were up 13% due in part to late settlement of some December bookmaker invoices, received in January. Receipts would have been higher in the current quarter but for the delayed settlement of one invoice by a bookmaker client, which was subsequently received in April.

Cash receipts from the TV wagering service were down, in line with lower commission revenues for the quarter. New Zealand games service receipts remained essentially flat.

2. **Net operating cash flow** (\$493,000)

Net operating cash flow for the quarter was impacted by management restructuring costs in February.

Other key expenditure lines were down on the previous quarter, including advertising and telecommunication costs. The previous quarter also included an amount of \$202k relating to the Company's successful application for a refundable tax offset under the Federal Government's Research & Development Tax Concession scheme.

3. **Total net cash flow** (\$95,000)

Capital raising activities provided proceeds of \$400k (\$398k after share issue expenses) during the quarter.

Main Ace Investment Limited have committed to further capital injections of \$450,000 by August 2012.

Priority One have invested \$300,000 cash with the balance of \$700,000 in cash to be received on their successful listing on the ASX, scheduled for completion by 30th June 2012.

4. **Cash on hand** \$264,000

Outlook

The Company is working to enhance and expand its Way2Bet online and mobile portal, as management believe this provides significant revenue growth opportunities for the short to medium term. At the same time, TAB Active remains a cornerstone activity with further developments planned.



Priority One's recent investment in the Company is still being explored but there are both technology development and content distribution opportunities across racing and casual games that will further develop revenue streams.

The Company will also continue to broaden its already extensive range of interactive technologies into the IPTV space, and is looking more closely at opportunities directly within the corporate space as companies start to realise the opportunities to brand and access content on smart TV's.

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, 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 , www.rugbyleaguebestbet.com.au – www.aussierulesbestbet.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, Sky New Zealand and LG Electronics.

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

Name of entity

TWO WAY LIMITED

ABN

28 007 424 777

Quarter ended ("current quarter")

31 March 2012

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	356	1,117
1.2 Payments for		
(a) staff costs	(557)	(1,294)
(b) advertising & marketing	(16)	(205)
(c) research & development	-	202
(d) leased assets	(1)	(3)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	12
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Telecommunications Costs	(111)	(371)
Other – Consultants' Fees	(70)	(199)
Other – Rental Costs	(27)	(77)
Other – Product Development	(27)	(27)
Other Expenses	(44)	(196)
Net operating cash flows	(493)	(1,041)

+ 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)	(493)	(1,041)
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	0	0
(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		
(f) short term deposit		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other – loss on sale of deposits at call		
Net investing cash flows	0	0
1.14 Total operating and investing cash flows		
Cash flows related to financing activities		
1.15 Proceeds from capital raising	400	1,165
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	(2)	(94)
Net financing cash flows	398	1,071
Net increase (decrease) in cash held	(95)	30
1.21 Cash at beginning of quarter/year to date	359	234
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	264	264

+ 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	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

Included in Staff Costs in Item 1.2 are Board Fees paid to non-executive directors or their related entities amounting to \$45,353.

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. (See AASB 1026 paragraph 12.2).

	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	264	359
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)	264	359


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:  Date: 30 April 2012
(Company Secretary)

Print name: Rointon Nugara