

**ASX RELEASE**

**31 August 2012**

**FY12 Results Announcement**

Two Way Limited today released its financial report and accounts for the 12 months ending 30 June 2012.

As announced on 24 August 2012, the Company signed a Heads of Agreement with Donaco Singapore Pte Ltd (“**Donaco**”) for the purchase of Donaco’s 75% share in the Lao Cai International Hotel, through the issue of Two Way shares. The purpose of this transaction is to create a cash-flow positive and profitable ASX-listed entity to pursue gaming and wagering opportunities, particularly in Asia. This will lead to a substantial transformation of the business.

**Key Financial Information**

|                                   | <b>FY12</b> | <b>FY11</b> | <b>% Change</b> |
|-----------------------------------|-------------|-------------|-----------------|
| Revenue from ordinary activities  | \$ 1.362m   | \$ 1.595m   | Decreased 15%   |
| Expenses from ordinary activities | \$(2.839m)  | \$(2.821m)  | Remained flat   |
| Loss from ordinary activities     | \$(1.476m)  | \$(1.226m)  | Increased 20%   |
| Tax (including R&D offset) ^      | \$ 0.189m   | \$0.197m    | Decreased 3%    |
| Net loss                          | \$(1.288m)  | \$(1.029m)  | Increased 25%   |

*^: being a R&D tax offset of \$0.202m (2011: \$0.207m), together with a non-material tax expense for a subsidiary*

**Review of Operations**

**Revenues**

Way2Bet revenues grew 22% on the previous year. Improved affiliate deals, and the success of the Search Engine Optimisation (SEO) and Social Media strategies, drove increased traffic to both the online and mobile portals.

As announced by Southern Cross Austereo earlier today, Way2Bet has just launched a major promotional campaign with Triple M and Triple M Local Works radio networks, based around the new “Scorcher” mobile app. Two Way expects that this campaign will lead to a major increase in traffic to the Way2Bet mobile portal.



However apart from Way2Bet, all other revenue lines declined in FY12, resulting in an overall decline of 15% in revenues.

### ***Operating Costs***

Staff costs increased 7% as a result of a management restructure in January 2012, which led to lower ongoing costs. Further changes after year end have reduced this cost line even further.

A focus on promoting the Company's flagship TAB Active and Way2Bet products saw advertising increase substantially on the previous year (when there was minimal spend). TAB Active-related spend focused on the 2011 Spring Racing Carnival, whilst Way2Bet spend focused on Search Engine Optimisation and Social Media strategies.

### ***Depreciation Charges***

Depreciation charges continued to decline, with the majority of tangible assets having reached their full written down values during the year.

### ***R&D Tax Offset***

The Company applied for and successfully claimed a tax offset for R&D expenditure incurred in the FY11 financial year. The tax offset is effectively a cash refund available to small companies who have incurred eligible R&D expenditure in the previous financial year. The tax offset received in November 2012 for the FY11 financial year was \$0.202m (FY10: \$0.207m).

## **Summary and Outlook**

Chairman of Two Way, Mr Stuart McGregor, said "The results provide the background for the Board's determination to pursue a restructure of the business, in order to achieve value for shareholders. We are extremely pleased to have signed a Heads of Agreement with Donaco, in order to transform Two Way into a much larger ASX listed company, with significant international operations, which will be both profitable and cash-flow positive.

"The Board has demonstrated that we are not willing to pursue mergers or other deals that do not make sense for our shareholders. This emphasises our belief that the deal with Donaco does provide a good outcome for our shareholders.

"The ongoing improvements in our Way2Bet business show the potential that can still be achieved through our local operations. We will continue to manage and develop those lines of business that draw on our expertise in interactive services, particularly in the wagering and gaming sectors, to provide positive returns to shareholders."

---

For further information:

Stuart McGregor  
Chairman  
Phone: +61 413 040 642

Rointon Nugara  
Company Secretary & CFO  
Phone: +61 2 9017 7000



---

## ABOUT TWO WAY LIMITED (ASX: TTV)

Two Way creates, develops and builds advanced interactive media and gambling applications for mobile, internet, TV and IPTV platforms. Our competitive strengths include our specialised expertise, patented technology and library of interactive applications which have been deployed on all devices.

Two Way has developed an award-winning interactive TV wagering service with Tabcorp Holdings Limited (ASX:TAH) taking in New South Wales and Victoria in conjunction with FOXTEL, and seen on Sky Racing 1, Sky Racing 2 and Sky Racing World. This has now been extended to include Racing and Wagering Western Australia (RWWA) and TattsBet Limited (ASX:TTS) covering Queensland & South Australia. 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, utilising the red button on the Foxtel remote providing the latest synchronization 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, Centrebet, IAS Bet, Luxbet, Sportingbet, Betfair, Optus TV, LG, Samsung and Sky New Zealand.

To learn more about Two Way visit [www.twowaytv.com.au](http://www.twowaytv.com.au)

---



# **TWO WAY LIMITED & CONTROLLED ENTITIES**

**ABN 28 007 424 777**

**ASX Preliminary final report – 30 June 2012**

**Lodged with the ASX under Listing Rule 4.3.A**

**This information should be read in conjunction with the 30 June 2012 Annual Report**

## Contents

|      |  | Page |
|------|--|------|
|      | Corporate information  | 2    |
|      | Results for announcement to the market   | 3    |
|      | Review of operations   | 4    |
| 1    | Preliminary consolidated statement of comprehensive income   | 5    |
| 2    | Preliminary consolidated statement of financial position   | 6    |
| 3    | Preliminary consolidated statement of changes in equity  | 7    |
| 4    | Preliminary consolidated statement of cash flows   | 8    |
| 5    | Notes to the preliminary consolidated financial statements   | 9    |
| 5.1  | Revenue  | 9    |
| 5.2  | Income tax expense   | 9    |
| 5.3  | Reconciliation of net loss from ordinary activities after tax to net cash inflow from operating activities | 9    |
| 5.4  | Cash assets  | 10   |
| 5.5  | Short term investments   | 10   |
| 5.6  | Earnings per share   | 10   |
| 5.7  | Reserves   | 11   |
| 5.8  | Accumulated losses   | 11   |
| 5.9  | NTA backing  | 11   |
| 5.10 | Events occurring after the reporting period  | 11   |
| 5.11 | Audit  | 11   |
| 6    | Basis of preparation of preliminary final report   | 12   |

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Two Way Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## Corporate Information

ABN 28 007 424 777

### Directors

|                          |                          |
|--------------------------|--------------------------|
| Mr Stuart James McGregor | (Non-Executive Chairman) |
| Mr Benedict Paul Reichel | (Non-Executive Director) |
| Mr Gerald Nicholas Tan   | (Non-Executive Director) |

### Company Secretary

Mr Rointon Gerald Nugara

### Registered Office

Suite 2.05  
55 Miller Street  
Pyrmont NSW 2009

### Bankers

Bankwest

### Share Register

Boardroom Pty Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000

### Auditors

William Buck

## Results for Announcement to the Market

|  |           |     |    |             |
|--|-----------|-----|----|-------------|
| <b>Revenue</b> from ordinary activities  | Decreased | 15% | To | 1,362,415   |
| <b>Loss</b> from ordinary activities     | Increased | 20% | To | (1,476,991) |
| <b>Net Loss</b> after income tax expense | Increased | 25% | To | (1,287,657) |

### Dividends/distributions

The directors do not recommend the payment of a dividend.

Reporting Period: Year ended 30 June 2012

Previous Corresponding Period: Year ended 30 June 2011

## Review of Operations

A summary of consolidated revenues and results is set out below:

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>2012</b>         | 2011               |
|   | \$                  | \$                 |
| <b>Revenue</b>                                |                     |                    |
| Service                                       | 1,349,239           | 1,567,651          |
| Interest – other persons                      | 13,177              | 27,637             |
| <b>Total revenue</b>                          | <b>1,362,416</b>    | <b>1,595,288</b>   |
| Employee benefits expenses                    | (1,628,348)         | (1,517,769)        |
| Finance costs                                 | -                   | -                  |
| Depreciation and amortisation                 | (20,420)            | (28,071)           |
| Operations and administration                 | (1,190,639)         | (1,275,305)        |
| <b>Loss before income tax</b>                 | <b>(1,476,991)</b>  | <b>(1,225,857)</b> |
| Income tax expense attributable to subsidiary | (12,682)            | (10,629)           |
| R&D tax offset                                | 202,016             | 207,289            |
| <b>Net loss attributable to members</b>       | <b>(1,287,657)</b>  | <b>(1,029,197)</b> |

Comments on the operations and results of those operations are set out in the attached ASX release entitled **“Two Way Limited – FY12 Results Announcement”**.



**1. PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED  
30 JUNE 2012**

|   | <b>Note</b> | <b>Consolidated</b> |             |
|---|-------------|---------------------|-------------|
|   |             | <b>2012</b>         | <b>2011</b> |
|   |             | <b>\$</b>           | <b>\$</b>   |
| Revenue   | 5.1         | <b>1,362,416</b>    | 1,595,288   |
| Employee benefits expense                       |             | <b>(1,628,347)</b>  | (1,517,769) |
| Depreciation and amortisation                   |             | <b>(20,420)</b>     | (28,071)    |
| Professional and consulting fees                |             | <b>(242,057)</b>    | (191,848)   |
| Licence fees                                    |             | -                   | (284,155)   |
| Marketing and promotions                        |             | <b>(222,467)</b>    | (69,727)    |
| Telecommunications and hosting                  |             | <b>(429,799)</b>    | (423,043)   |
| Administration expenses                         |             | <b>(44,293)</b>     | (56,695)    |
| Other expense from ordinary activities          |             | <b>(252,024)</b>    | (249,837)   |
| <b>Loss before income tax</b>                   |             | <b>(1,476,991)</b>  | (1,225,857) |
| Income tax expense attributable to subsidiary   | 5.2         | <b>(12,682)</b>     | (10,629)    |
| R&D tax offset                                  |             | <b>202,016</b>      | 207,289     |
| Other comprehensive income                      |             | -                   | -           |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>    |             | <b>(1,287,657)</b>  | (1,029,197) |
| <br><b>Overall Operations</b>                   |             |                     |             |
| Basic earnings per share<br>(cents per share)   | 5.6         | (0.55)              | (0.51)      |
| Diluted earnings per share<br>(cents per share) | 5.6         | (0.55)              | (0.51)      |

*The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**2. PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

|                                      | Note | Consolidated        |              |
|--------------------------------------|------|---------------------|--------------|
|                                      |      | 2012                | 2011         |
|                                      |      | \$                  | \$           |
| <b>CURRENT ASSETS</b>                |      |                     |              |
| Cash                                 | 5.4  | <b>426,328</b>      | 234,588      |
| Receivables                          |      | <b>127,871</b>      | 137,384      |
| Short term investments               | 5.5  | <b>401,184</b>      | -            |
| Other                                |      | <b>36,442</b>       | 38,794       |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>991,825</b>      | 410,766      |
| <b>NON-CURRENT ASSETS</b>            |      |                     |              |
| Property, plant and equipment        |      | <b>5,572</b>        | 24,336       |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>5,572</b>        | 24,336       |
| <b>TOTAL ASSETS</b>                  |      | <b>997,397</b>      | 435,102      |
| <b>CURRENT LIABILITIES</b>           |      |                     |              |
| Payables                             |      | <b>218,693</b>      | 150,243      |
| Provisions                           |      | <b>168,139</b>      | 220,031      |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>386,832</b>      | 370,274      |
| <b>NON-CURRENT LIABILITIES</b>       |      |                     |              |
| Provisions                           |      | <b>38,073</b>       | 41,600       |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>38,073</b>       | 41,600       |
| <b>TOTAL LIABILITIES</b>             |      | <b>424,905</b>      | 411,874      |
| <b>NET ASSETS</b>                    |      | <b>572,492</b>      | 23,228       |
| <b>EQUITY</b>                        |      |                     |              |
| Contributed equity                   |      | <b>50,580,663</b>   | 48,743,742   |
| Reserves                             | 5.7  | <b>47,456</b>       | 51,000       |
| Accumulated losses                   | 5.8  | <b>(50,055,627)</b> | (48,771,514) |
| Parent entity interest               |      | <b>572,492</b>      | 23,228       |
| <b>TOTAL EQUITY</b>                  |      | <b>572,492</b>      | 23,228       |

*The above preliminary consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**3. PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED  
30 JUNE 2012**

|  | Contributed<br>Equity<br>\$ | Unissued<br>Shares<br>Reserve<br>\$ | Retained<br>Profits<br>\$ | Share Issue<br>Expense<br>Reserve<br>\$ | Employee<br>Options<br>Reserve<br>\$ | Total<br>\$    |
|--|-----------------------------|-------------------------------------|---------------------------|---|--------------------------------------|----------------|
| <b>Balance at 1.7.2010</b>                       | 56,142,801                  | -                                   | (47,780,948)              | (7,922,366)                             | 81,402                               | 520,889        |
| Shares issued during the year                    | 565,039                     | -                                   | -                         | -                                       | -                                    | 565,039        |
| Loss attributable to members of<br>parent entity | -                           | -                                   | (1,029,197)               | -                                       | -                                    | (1,029,197)    |
| Employee share options issued                    | -                           | -                                   | -                         | -                                       | 8,229                                | 8,229          |
| Employee share options lapsed or<br>cancelled    | -                           | -                                   | 38,632                    | -                                       | (38,632)                             | -              |
| Share issue expense                              | -                           | -                                   | -                         | (41,732)                                | -                                    | (41,732)       |
| <b>Balance at 30.06.2011</b>                     | <b>56,707,840</b>           | <b>-</b>                            | <b>(48,771,514)</b>       | <b>(7,964,098)</b>                      | <b>51,000</b>                        | <b>23,228</b>  |
| <b>Balance at 1.7.2011</b>                       | 56,707,840                  | -                                   | (48,771,514)              | (7,964,098)                             | 51,000                               | 23,228         |
| Shares issued during the year                    | 1,282,500                   | -                                   | -                         | -                                       | -                                    | 1,282,500      |
| Partial share subscription<br>5.5                | -                           | 701,184                             | -                         | -                                       | -                                    | 701,184        |
| Loss attributable to members of<br>parent entity | -                           | -                                   | (1,287,657)               | -                                       | -                                    | (1,287,657)    |
| Employee share options issued                    | -                           | -                                   | -                         | -                                       | -                                    | -              |
| Employee share options lapsed or<br>cancelled    | -                           | -                                   | 3,544                     | -                                       | (3,544)                              | -              |
| Share issue expense                              | -                           | -                                   | -                         | (146,763)                               | -                                    | (146,763)      |
| <b>Balance at 30.06.2012</b>                     | <b>57,990,340</b>           | <b>701,184</b>                      | <b>(50,055,627)</b>       | <b>(8,110,861)</b>                      | <b>47,456</b>                        | <b>572,492</b> |

*The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**4. PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
30 JUNE 2012**

|  | Note | <b>Consolidated</b> |                    |
|--|------|---------------------|--------------------|
|  |      | 2012                | 2011               |
|  |      | \$                  | \$                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |      |                     |                    |
| Receipts from customers  |      | 1,462,331           | 1,679,954          |
| Payments to suppliers and employees                                |      | (2,754,870)         | (2,738,173)        |
| Interest received  |      | 14,471              | 29,175             |
|  |      | 14,471              | 29,175             |
| <b>Net cash used in operating activities</b>                       | 5.3  | <b>(1,278,068)</b>  | <b>(1,029,044)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |      |                     |                    |
| Purchase of plant and equipment                                    |      | (949)               | (6,894)            |
|  |      | (949)               | (6,894)            |
| <b>Net cash used in investing activities</b>                       |      | <b>(949)</b>        | <b>(6,894)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                        |      |                     |                    |
| Proceeds from equity raising activities                            |      | 1,564,987           | 565,039            |
| Payment of share issue expenses                                    |      | (94,230)            | (37,094)           |
|  |      | (94,230)            | (37,094)           |
| <b>Net cash provided by (used in) financing activities</b>         |      | <b>1,470,757</b>    | <b>527,945</b>     |
| <b>Net increase (decrease) in cash &amp; cash equivalents held</b> |      | <b>191,740</b>      | <b>(507,993)</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b>      |      | <b>234,588</b>      | <b>742,581</b>     |
| <b>Cash and cash equivalents at the end of the year</b>            | 5.4  | <b>426,328</b>      | <b>234,588</b>     |

*The above preliminary consolidated cash flow statement should be read in conjunction with the accompanying notes.*

**5. NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

|  | <b>Note</b> | <b>Consolidated</b> |             |
|--|-------------|---------------------|-------------|
|  |             | <b>2012</b>         | <b>2011</b> |
|  |             | <b>\$</b>           | <b>\$</b>   |
| <b>Note 5.1: Revenue</b>   |             |                     |             |
| Revenue from operating activities  |             |                     |             |
| - Service revenue  |             | <b>1,349,238</b>    | 1,567,651   |
| - Interest – other persons   |             | <b>13,177</b>       | 27,637      |
| Total revenue from continuing operations   |             | <b>1,362,415</b>    | 1,595,288   |
| Total revenue  |             | <b>1,362,415</b>    | 1,595,288   |
| <b>Note 5.2: Income tax expense</b>  |             |                     |             |
| Prima facie income tax/ (credit) calculated at 30% on the operating loss                           |             | <b>(443,097)</b>    | (367,757)   |
| Tax effect of:   |             |                     |             |
| Share-based payments   |             | <b>(1,063)</b>      | (9,121)     |
| Other non-deductible items   |             | <b>(17,170)</b>     | (17,532)    |
| Add deferred tax asset not brought to account  |             | <b>474,012</b>      | 405,039     |
| Income tax expense attributable to subsidiary  |             | <b>12,682</b>       | 10,629      |
| <b>Note 5.3: Reconciliation of net loss after tax to net cash inflow from operating activities</b> |             |                     |             |
| Loss after income tax  |             | <b>(1,287,657)</b>  | (1,029,197) |
| Non-cash flows in loss from ordinary activities  |             |                     |             |
| Depreciation and amortisation  |             | <b>20,420</b>       | 28,071      |
| Foreign exchange loss  |             | <b>1,365</b>        | 1,444       |
| Net employee options expensed  |             | -                   | 8,228       |
| Change in assets and liabilities   |             |                     |             |
| (Increase) / decrease in receivables   |             | <b>9,514</b>        | 23,175      |
| (Increase) / decrease in prepaids  |             | -                   | -           |
| (Increase) / decrease in other assets  |             | <b>2,351</b>        | 14,959      |
| Increase / (decrease) in trade creditors and accruals (net of financing costs)                     |             | <b>31,359</b>       | (99,148)    |
| Increase / (decrease) in provisions  |             | <b>(55,420)</b>     | 23,424      |
| Net cash inflow from operating activities  |             | <b>(1,278,068)</b>  | (1,029,044) |

|   | Note | Consolidated   |            |
|---|------|----------------|------------|
|   |      | 2012<br>\$     | 2011<br>\$ |
| <b>Note 5.4: Cash assets</b>            |      |                |            |
| Cash at bank                            |      | <b>426,328</b> | 234,588    |
| <b>Note 5.5: Short term investments</b> |      |                |            |
| Cost                                    | (a)  | <b>401,184</b> | -          |
| Accumulated impairment losses           |      | -              | -          |
| Net carrying value                      |      | <b>401,184</b> | -          |

(a) As originally announced to the market on 15<sup>th</sup> December 2011, the Company had entered into a binding share subscription agreement with Priority One Network Group Limited ("PON"). The terms of that agreement were that PON had agreed to subscribe for and Two Way had agreed to issue a total of 35,029,614 fully paid ordinary shares (15% of Two Way's issued capital) to PON, at an agreed price of 4 cents per share. In return, PON will pay to Two Way total consideration of \$1,401,184.30, made up of \$1 million in cash, and a total of 1,337,281 shares in PON (\$401,184.30). The PON shares are to be issued at 30 cents per share, a price which is supported by the independent valuation report obtained by PON, and which is the expected listing price of PON shares on the ASX.

The agreement was to be concluded by the 28th February 2012 with all remaining payments and shares issued, however PON had been unable to fulfil their obligations in short because of a delay in their listing process. Consequently, Two Way issued a further announcement on 12 March 2012, advising that the two companies had agreed new terms which required an immediate payment of \$150,000 in cash by PON, which was duly received, and the balance of \$700,000 in cash on completion of successful listing.

To date Two Way has received \$300,000 in cash, and has been issued with 1,337,281 PON shares, valued at \$401,184.30 and classified as a short term investment. No Two Way shares will be issued to PON until all payments are received. The *Statement of Changes in Equity* reflects the partial share subscription of \$701,184.

**Note 5.6: Earnings per share**

|   |                    |             |
|---|--------------------|-------------|
| (a) Net Loss / earnings used in the calculation of basic EPS  | <b>(1,287,657)</b> | (1,029,197) |
| (a) Net Loss / earnings used in the calculation of diluted EPS  | <b>(1,287,657)</b> | (1,029,197) |
| (b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS   | <b>236,242,942</b> | 202,296,202 |
| (b) Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS | <b>236,242,942</b> | 202,296,202 |

(c) Classification of Securities

The ownership-based remuneration scheme with 1,257,120 vested options remaining unconverted at year-end is not included in the calculation of basic or diluted EPS as the issue of shares are contingent upon future events. As at reporting date, conditions which would result in the issue of shares had not been satisfied.

The Company has also issued 16,250,000 options to Main Ace Investment Limited in accordance to the Subscription Agreement approved by the Company's shareholders at its Annual General Meeting, held 29

November 2011. The options were issued in three tranches (6<sup>th</sup> January 2012, 6<sup>th</sup> February 2012, and 6<sup>th</sup> March 2012), have an exercise price is 2.8 cents and expire 3 years after issue. As at reporting date, conditions which would result in the issue of shares had not been satisfied.

|                           | Note | Consolidated  |               |
|---------------------------|------|---------------|---------------|
|                           |      | 2012<br>\$    | 2011<br>\$    |
| <b>Note 5.7: Reserves</b> |      |               |               |
| Employee options reserve  |      | <u>47,456</u> | <u>51,000</u> |

During the year, 33,480 options (\$3,544) from the Company's 2008 options plan lapsed.

**Note 5.8: Accumulated losses**

|  |                            |                     |
|--|----------------------------|---------------------|
| Accumulated losses at the beginning of the financial year    | <b>(48,771,514)</b>        | (47,780,948)        |
| Accumulated losses for the current year                      | <b>(1,287,657)</b>         | (1,029,197)         |
| Employee options lapsed – written back to accumulated losses | <b>3,544</b>               | 38,632              |
| Accumulated losses at the end of the financial year          | <b><u>(50,055,627)</u></b> | <u>(48,771,514)</u> |

**Note 5.9: NTA backing**

|   | Consolidated                       |                      |
|---|------------------------------------|----------------------|
|   | 2012                               | 2011                 |
| Net tangible asset backing per ordinary share | <b><u>0.21 cents per share</u></b> | 0.01 cents per share |

**Note 5.10: Events occurring after the reporting period**

On 19 July 2012, the Company announced the departure of its Chief Executive Officer, Mr Chris Grant-Foster. In the short term, the Board will play an active role in ensuring that the Company continues to manage and develop its business opportunities.

On 24 August 2012, the Company announced it had signed a non-binding Heads of Agreement with Donaco Singapore Pte Ltd, for the sale by Donaco of its 75% share in Lao Cai International Hotel (a hotel and entertainment complex on the Vietnam/China border) to Two Way, in return for Two Way shares. The purpose of the transaction is to create a cash-flow positive and profitable ASX-listed entity to pursue gaming and wagering opportunities, particularly in Asia. Both companies are now working to negotiate a binding Merger Implementation Agreement, which is subject to each party undertaking due diligence investigations on the assets and businesses of each party. The transaction is also subject to approval by Two Way's shareholders. If the transaction is approved by shareholders, Two Way will grant one free option to its shareholders for every two shares held at the time of approval, at an exercise price of \$0.015. A consolidation of the expanded capital base is also planned.

**Note 5.11: Audit**

This report is based on accounts which are currently in the process of being audited.

## 6. BASIS OF PREPARATION OF PRELIMINARY FINAL REPORT

This general purpose financial report for the reporting period ended 30 June 2012 has been prepared in accordance with requirements of the Corporations Act 2001, applicable Accounting Standards and other mandatory reporting requirements.

The financial report complies with the Australian Accounting Standards, which include equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures the financial statements and notes thereto, complies with the International Financial Reporting Standards (IFRS).

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Two Way Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This preliminary final report including the commentary on Group results was approved pursuant to a resolution of the board of directors on 31 August 2012.