

ASX RELEASE

30 October 2012

Cash Flow Statement and Investor Update

Two Way Limited attaches its cash flow statement for the quarter ended 30 September 2012.

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

Key details are as follows:

1. **Receipts from customers** \$315,000

Overall customer receipts were in line with the previous quarter.

Way2Bet receipts were up 9% on the previous quarter. The online and mobile sites continue to record significant increases in traffic as a result of effective search engine optimisation and social media campaigns during the quarter. This has been further enhanced by the launch in August of the *Scorcher* multi-sport live scores application across the Triple M radio network. These campaigns have resulted in an increase in funded accounts being established with Way2Bet's bookmaker clients.

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 unchanged.

2. **Net operating cash flow** (\$377,000)

Increased staff costs during the quarter were due to a management restructure in July which has led to lower staff costs on an ongoing basis.

The quarter also saw a number of one-off costs associated with merger activities, firstly with Priority One (which was terminated by the Company in July) and currently with Donaco Singapore Pte Ltd. The deal with Donaco, which is now subject to shareholder and regulatory approval, will substantially transform the Company. These costs specifically relate to due diligence activities, including consultancy, legal and travel costs.

Telecommunication costs have been reduced, and will result in further ongoing savings.

3. **Total net cash flow** (\$144,000)

Capital raising activities through a successful share placement provided proceeds of \$250k during the quarter.

4. **Cash on hand** \$282,000

Outlook

The Company continues to work towards a successful completion of its proposed merger with Donaco Singapore Pte Ltd. This proposal, which will create a cash flow positive and profitable ASX listed entity with significant international exposure, will be proposed for approval by shareholders at the forthcoming annual general meeting.

For further information:

Rointon Nugara
Company Secretary
Phone: +612 9017 7000
Fax: +612 9017 7001

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.bookiebestbet.com.au, www.rugbyleaguebestbet.com.au, www.aussierulesbestbet.com.au, www.footballbestbet.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")

30 September 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	315	315
1.2 Payments for		
(a) staff costs	(349)	(349)
(b) advertising & marketing	(27)	(27)
(c) research & development	-	-
(d) leased assets	(1)	(1)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Telecommunications Costs	(95)	(95)
Other – Consultants' Fees	(96)	(96)
Other – Rental Costs	(26)	(26)
Other – Product Development	(27)	(27)
Other Expenses	(73)	(73)
Net operating cash flows	(377)	(377)

+ 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 (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(377)	(377)
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		
(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	250	250
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	(17)	(17)
Net financing cash flows	233	233
Net increase (decrease) in cash held	(144)	(144)
1.21 Cash at beginning of quarter/year to date	426	426
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	282	282

+ 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	13
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 \$12,559.

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	282	426
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)	282	426

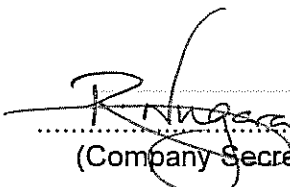
Acquisitions and disposals of business entities

	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 October 2012
(Company Secretary)

Print name: Rointon Nugara

