

ASX RELEASE

30 July 2007

Cash Flow Statement and Investor Update

Two Way Limited lodges the attached Appendix 4C cash flow statement for the quarter ending 30 June 2007.

Key financial details include:

Receipts from customers	\$419,000
- this represents an increase of \$170,000 (68%) from the March 2007 quarter, driven by one-off payments from customers in Asia.	
Payments for staff costs	(\$903,000)
- this represents a decrease of \$110,000 (11%) from the March 2007 quarter, driven by restructuring initiatives as previously announced to the market, which are now beginning to take effect.	
Upfront wagering fee payment	(\$3,080,000)
- this fee (\$2.8m plus GST) was paid to Foxtel in accordance with the pay TV wagering service agreement signed with Foxtel and Tabcorp in June 2007. This fee will be progressively recouped once the service goes live.	
Total operating cash flow	(\$4,114,000)
- this reflects the one-off upfront wagering fee payment outlined above.	
Cash on hand	\$7,354,000

Key business highlights for the quarter include:

- The signing of the pay TV wagering service deal with Tabcorp and Foxtel in June 2007.
- The launch of the Way2Bet online and mobile portal (at www.way2bet.com.au and way2bet.mobi).
- The launch of Two Way's new corporate strategy, as announced to the market on 28 June 2007.

For further information:

Ben Reichel
Chief Executive Officer
& Managing Director
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ABOUT TWO WAY LIMITED (ASX: TTV)

Two Way is the leading provider of interactive applications and technology in Asia Pacific. Our competitive strengths include our patented technology, library of interactive applications, and exclusive content which can be deployed on TV, mobile or internet.

Our interactive wagering application offers an extensive range of bet types and form guides, and utilises the latest synchronisation technology to enhance the user experience. This technology is now being applied to sports betting applications, including play for prizes and play for real.

Two Way has developed an extensive catalogue of casual games which are being deployed on Open TV and IPTV platforms, and will soon be available for mobile handsets and PCs via our casual games portal at www.way2play.com.

Two Way has rapidly grown its portfolio of mobile to TV interactive products for both casual games and wagering applications. Our Simcast product allows mobile phone users to interact with TV broadcasts in real time, without the need for a set top box, and gives the broadcaster complete flexibility.

Two Way's services are currently deployed by leading free to air and pay TV operators in Australia, New Zealand, Hong Kong, China and India. Our clients include Tabcorp, STAR Asia, PCCW, Foxtel, Sky New Zealand and Maginet.

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 JUNE 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	419	1,238
1.2 Payments for		
(a) staff costs	(903)	(3,883)
(b) advertising and marketing		
(c) research and development		
(d) leased assets	(3)	(8)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	200	869
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Licence Fees	(333)	(1,173)
Other – Consultants' Fees	(145)	(420)
Other – Rental Costs	(111)	(459)
Other – Upfront Wagering Application Fee	(3,080)	(3,080)
Other Expenses	(158)	(778)
Net operating cash flows	(4,114)	(7,694)

+ 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)	(4,114)	(7,694)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		(79)
(e) other non-current assets	(47)	(190)
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	(47)	(269)
1.14 Total operating and investing cash flows	(4,161)	(7,963)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
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 (provide details if material)		
Net financing cash flows	0	0
Net increase (decrease) in cash held	(4,161)	(7,963)
1.21 Cash at beginning of quarter/year to date	11,515	15,317
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	7,354	7,354

+ 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	99
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 \$83,300; and payments to an executive director (including PAYG tax and superannuation).

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

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	N/A	
3.2	Credit standby arrangements	N/A	

+ See chapter 19 for defined terms.

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

Reconciliation of cash

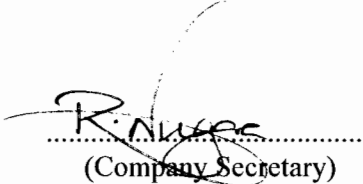
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	52	158
4.2 Deposits at call	7,302	11,357
4.3 Bank overdraft	0	0
4.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.22)	7,354	11,515

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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		

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: .....
 (Company Secretary)

Date: ..30 July 2007.....

Print name: Rointon Nugara

+ See chapter 19 for defined terms.