

**ASX RELEASE**

**30 July 2008**

**Cash Flow Statement and Investor Update**

**Performance of TV Wagering Service**

Two Way Limited is pleased to confirm that Sky Racing ACTIVE, the TV wagering service created by Two Way for its partners Tabcorp and FOXTEL, has performed well since launch on 28 April 2008. The service is available to FOXTEL and Optus TV subscribers in NSW and Victoria. The service provides detailed race and wagering information to viewers of the Sky Racing channel. In addition, Tabcorp account holders in Victoria may access their accounts and place bets.

In the first two months of operation, wagering turnover via the service (in Victoria only) met the Company's internal targets. As at end June 2008:

- More than 3,000 Tabcorp account holders had placed a bet via the service.
- More than 200,000 bets in total were placed through the service.
- The average number of bets per day has doubled (from 2,000 per day in week 1, to 4,000 per day in week 9).
- The average bet size has remained consistent at \$9-\$10.

Two Way has received highly positive feedback from our partners and users. All betting transactions via the service are safe, secure and encrypted. Further, the service includes extensive consumer safeguards: it is available only to Tabcorp account holders, who must satisfy identification requirements and be over 18; the service is password and PIN code protected; and the service includes onscreen responsible gambling messages.

**Appendix 4C cash flow statement for the quarter ending 30 June 2008 (attached)**

Key details are as follows:

1. Receipts from customers \$277,000

Up 7% on the previous quarter, with the first revenues from Sky Racing ACTIVE received and solid results from the Way2Bet online and mobile portal.

2. Net operating cash flow (\$556,000)

This is a significant improvement on the average net operating cash flows for the first three quarters of FY08. Excluding the upfront wagering fee payment to FOXTEL in the second quarter (a net negative cash payment of (\$2,520,000)), the average operating cash flow for each of the first three quarters of the year was (\$910,000).

As expected, the Company was able to reduce FY08 staff costs by a total of \$2.0m from the FY07 level.

3. Total net cash flow (\$182,000)

A net cash outflow was recorded for the June quarter. This compares to a net cash inflow for the previous quarter, which included net proceeds of \$1.6m from the sale of the Company's last floating rate note in February. Part of the proceeds of that sale was used to repay in full short term borrowings of \$0.678m. Also included in the previous quarter was the first tranche of \$0.61m of additional equity funding totaling \$1.05m.

The second and final tranche of \$0.44m was received in April, after shareholder approval of the placement was received.

4. **Cash on hand** **\$1,540,000**

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For further information:

Ben Reichel  
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 interactive TV wagering service with Tabcorp Holdings Limited (ASX:TAH) and FOXTEL, with 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, Foxtel, Austar and Sky New Zealand.

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

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# 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 2008

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	277	1,047
1.2 Payments for		
(a) staff costs	(566)	(2,660)
(b) advertising and marketing	(10)	(37)
(c) research and development		
(d) leased assets	(2)	(5)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	22	166
1.5 Interest and other costs of finance paid	(0)	(6)
1.6 Income taxes paid		
1.7 Other – Licence Fees	(100)	(676)
Other – Consultants' Fees	(50)	(493)
Other – Rental Costs	(23)	(110)
Other – Upfront Wagering Fee	0	(2,520)
Other Expenses	(104)	(514)
<b>Net operating cash flows</b>	<b>(556)</b>	<b>(5,808)</b>

+ 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)	<b>(556)</b>	<b>(5,808)</b>
<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		
(e) other non-current assets	0	(232)
(f) short term deposit	0	(6,000)
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	0	5,242
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other – loss on sale of deposits at call		
<b>Net investing cash flows</b>	<b>0</b>	<b>(990)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(556)</b>	<b>(6,798)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from share placement	441	1,050
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	0	678
1.18 Repayment of borrowings	0	(678)
1.19 Dividends paid		
1.20 Other – share placement expenses	(67)	(67)
<b>Net financing cash flows</b>	<b>374</b>	<b>983</b>
<b>Net increase (decrease) in cash held</b>	<b>(182)</b>	<b>(5,814)</b>
1.21 Cash at beginning of quarter/year to date	1,722	7,354
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>1,540</b>	<b>1,540</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 \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	48
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

<p>Included in Staff Costs in Item 1.2 are Board Fees paid to non-executive directors or their related entities amounting to \$48,340.</p>
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**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

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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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**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	1,540	1,722
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</b> (item 1.23)	<b>1,540</b>	<b>1,722</b>

**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		

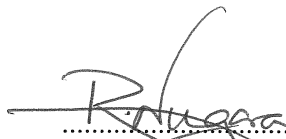
**Compliance statement**

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+ See chapter 19 for defined terms.

- 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:

  
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(Company Secretary)

Date: 30 July 2008

Print name: Rointon Nugara

