

ASX RELEASE

30 April 2008

Cash Flow Statement and Investor Update

Two Way Limited is pleased to confirm that the Sky Racing ACTIVE service was successfully launched in NSW and Victoria on Monday, 28 April 2008. At this stage, Tabcorp account holders may access their accounts and place bets in Victoria only.

The service has operated smoothly so far, and feedback from users is highly positive. Two Way is very pleased with the number of Tabcorp account holders logging in and using the service in the first two days. Further details will be provided in due course, as patterns of usage data emerge.

Two Way also lodges the attached Appendix 4C cash flow statement for the quarter ending 31 March 2008. Key details are as follows:

1. Receipts from customers \$257,000

Down 17% on the previous quarter, due largely to a late customer invoice payment which was not received until after the quarter end. Adjusting for this, revenues were down by 9%, reflecting generally lower subscriber numbers on the Company's interactive TV games services in the quarter. The Company is working to lift revenues from its games services.

2. Payments for staff costs (\$400,000)

This represents a 25% reduction on the previous quarter, primarily as a result of reduced contractor and temp costs.

The Company still expects to reduce FY08 staff costs by a total of \$2.0m from the FY07 level.

3. Total net cash flow \$1,536,000

A net cash inflow was recorded for the March quarter. This compares to a net cash outflow for the previous quarter, which included the payment of the final upfront fee to Foxtel of \$3,080,000 in relation to the Sky Racing ACTIVE service. The upfront payment included GST of \$280,000, which was recovered in mid-January 2008.

As noted in the Consolidated Cash Flow Statement in its 31 December 2007 Half Year Report, and subsequent to advice from its auditor, the Company reclassified its floating rate note holdings from cash or cash equivalent, to short term investments. Previously these holdings had been treated as cash equivalent due to the ease of conversion to cash.

However, the recent credit market crisis severely impacted the tradability of these investments, which in turn meant they could not be considered liquid and therefore, could no longer be classified as cash.

Despite the lack of liquidity for these investments, the Company successfully sold its last floating rate note in February, realising net proceeds of \$1.6m. Part of the proceeds was used to fully repay borrowings of \$0.678m, drawn down from a short term loan facility which the Company had negotiated with its bank in December 2007. The loan facility has now been closed.

In March, the Company secured additional equity funding of \$1.05m through a placement of shares to professional and sophisticated investors. The first tranche of funds totaling \$0.6m was received in March. The remainder was received at the end of April, after the quarter ended, following the approval of the placement by the Company's shareholders at the General Meeting held on 23 April 2008.

4. **Cash on hand** **\$1,722,000**

For further information:

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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 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



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 2008

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	257	770
1.2 Payments for		
(a) staff costs	(400)	(2,094)
(b) advertising and marketing	0	(27)
(c) research and development		
(d) leased assets	(1)	(3)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	144
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid		
1.7 Other – Licence Fees	(125)	(576)
Other – Consultants' Fees	(129)	(443)
Other – Rental Costs	(22)	(87)
Other – Upfront Wagering Fee	280	(2,520)
Other Expenses	(68)	(410)
Net operating cash flows	(213)	(5,252)

+ 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)	(213)	(5,252)
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		
(e) other non-current assets	(32)	(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	1,600	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		
Net investing cash flows	1,568	(990)
1.14 Total operating and investing cash flows	1,355	(6,241)
Cash flows related to financing activities		
1.15 Proceeds from share placement	609	609
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	250	678
1.18 Repayment of borrowings	(678)	(678)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	181	609
Net increase (decrease) in cash held	1,536	(5,632)
1.21 Cash at beginning of quarter/year to date	186	7,354
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	1,722	1,722

+ 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	11
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 \$10,520.</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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+ 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

As reported in the December 2007 quarterly report, a \$1.0m short term debt facility was organised through the Entity's bank to help fund the Entity's operations whilst it sought to sell its remaining short term investment (face value \$2.0m), the investment itself being used as collateral for the loan.

A total of \$0.678m had been used prior to the sale of the investment in February 2008. The drawdown was fully repaid from the proceeds of the sale of the investment and the loan facility terminated.

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	1,722	186
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)	1,722	186

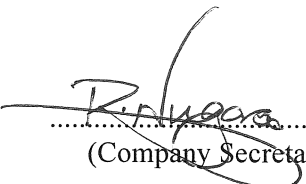
Acquisitions and disposals of business entities

	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 2008.....
(Company Secretary)

Print name: Rointon Nugara