

ASX RELEASE

27 July 2010

Cash Flow Statement and Investor Update

Two Way Limited attaches its cash flow statement for the quarter ended 30 June 2010.

Investor Update – Launch of Chat Application

Two Way Limited recently launched an interactive chat application in conjunction with Foxtel, for use by a number of programs and channels on the FOXTEL platform.

Two Way was paid an upfront fee by FOXTEL for the development of the chat application. Two Way also receives ongoing licence and support fees, and a fee for the use of Two Way's communications infrastructure. Two Way may also receive further customization fees in the future.

Full details of this application are available via Boardroom Radio's website at brr.com.au.

Investor Update – Performance of TV Wagering Service

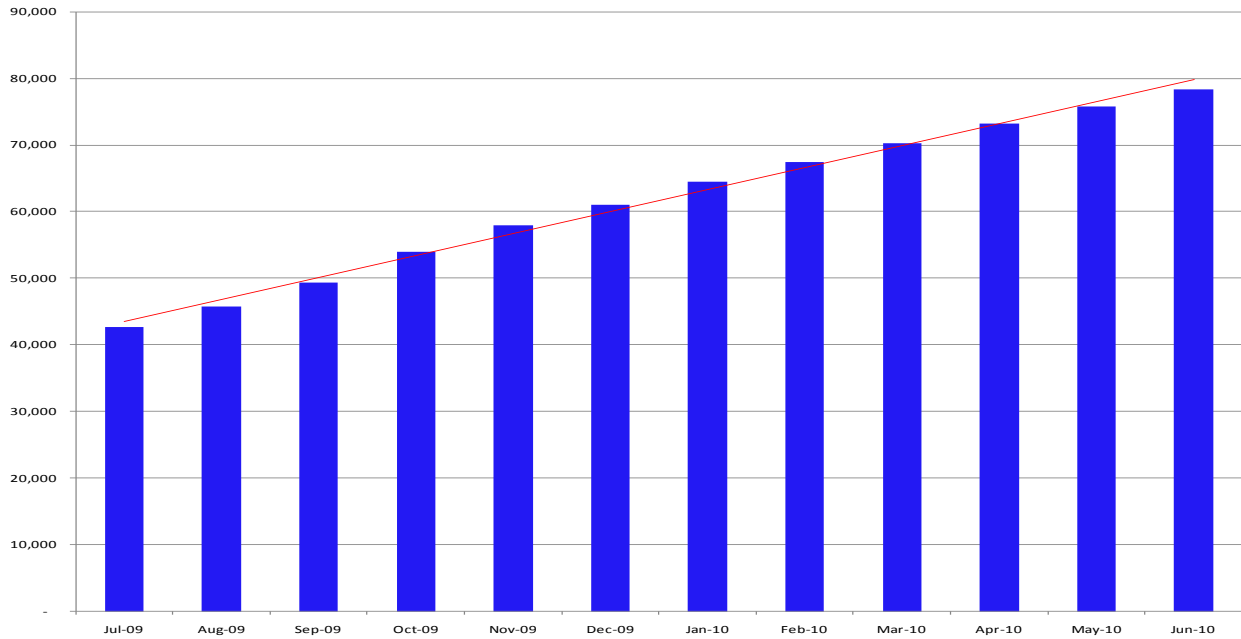
Two Way Limited's TV wagering service, known as TAB ACTIVE, continued to perform solidly during the June 2010 quarter.

The full betting service is available to FOXTEL and Optus TV subscribers in Sydney and Melbourne only. As at the end of March 2010:

- More than 22,800 Tabcorp account holders had placed at least one bet via the service, a 6% increase for the quarter.
- Over 9.7 million bets in total had been placed through the service, with nearly 1.6 million in the June quarter alone.
- The average number of bets per day during the quarter was 17,000.
- The average bet size for the quarter was \$8.69.

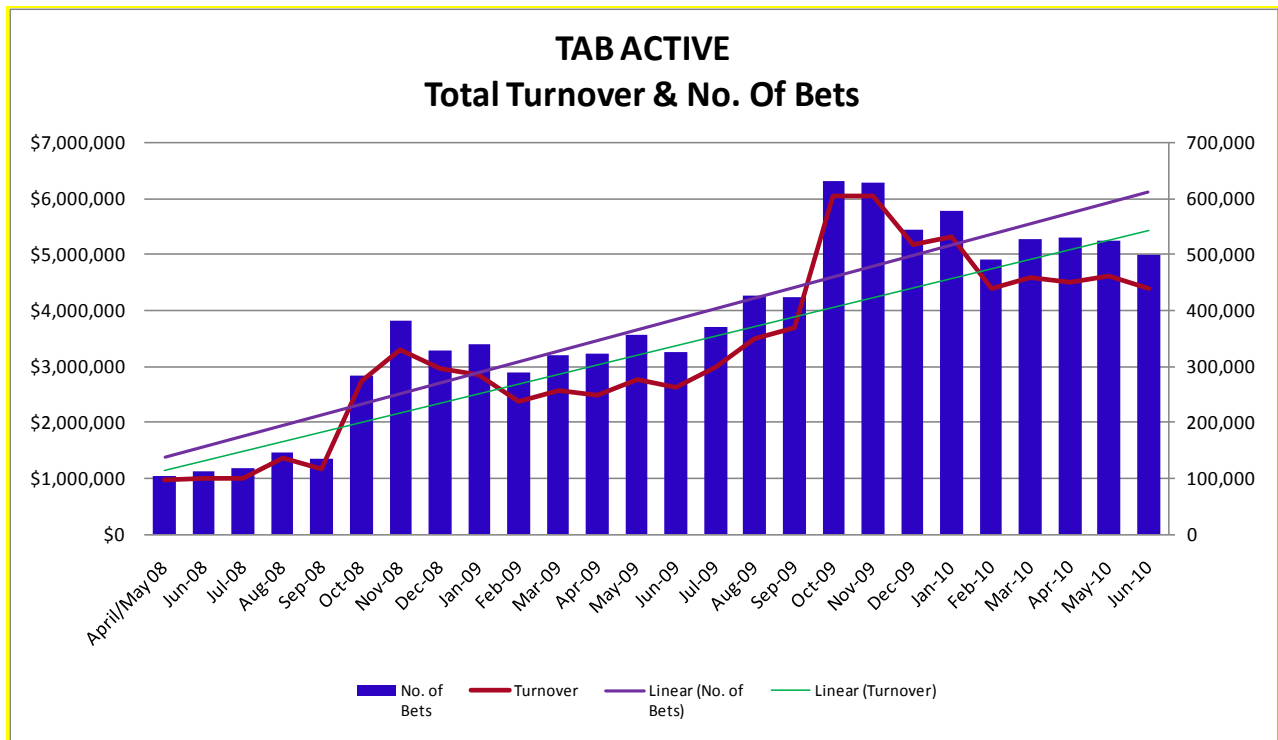
The graph below shows revenues through the service on a 12 month rolling average basis.

TAB ACTIVE Revenues - 12 Month Rolling Average



Turnover in the June quarter declined slightly against the previous quarter, with May and June months' results reflecting the move towards the quieter period of the racing calendar. However, April recorded the fifth highest levels of monthly turnover since launch.

The graph below shows the overall trend in turnover through the service, and the number of bets per month, as at the end of the June quarter.



Expansion of the TAB ACTIVE Service

During the quarter, Two Way signed a binding agreement with Racing and Wagering Western Australia (RWVA) for the deployment of the TAB ACTIVE service in Western Australia. The service is now expected to launch in that State in early 2011, following the completion of RWVA's major betting engine upgrade project.

Two Way also launched an information-only version of the TAB ACTIVE service in Queensland and South Australia during the quarter.

Further, Sky Racing expanded its coverage of all racing codes with the launch of two new channels: Sky Racing 2, launched on 30 March 2010, and Sky Racing World, launched on 4 May 2010. All three channels feature the Company's TAB ACTIVE interactive wagering service. Viewers may switch between channels without exiting the service, and without disconnecting from the betting engine. The service also keeps viewers informed of which race is coming up next, and on which channel. These new features, together with the increased volume of races covered, are expected to drive increased revenue through the service.

Cash flow statement for the quarter ending 30 June 2010 (attached)

Key details are as follows:

1. Receipts from customers \$486,000

Quarterly cash receipts once again surpassed the previous quarter's record, and represent the highest level of quarterly cash receipts from customers that the Company has ever recorded.

Cash receipts from the TV wagering service fell 4% on the prior quarter, despite solid results from the Autumn Racing Carnival.

Cash receipts from a number of major ad hoc development projects helped to generate the record cash flows for the quarter. The projects included the chat application for "Australia's Next Top Model", as detailed above; and development of multichannel capability for the TAB ACTIVE service, to handle the launch of Sky Racing's two new racing channels.

Way2Bet receipts were slightly down on the March quarter, however the previous quarter did include the late settlement of a number of old invoices. Growth through the portal continues in line with expectations.

As previously reported to the market, Austar terminated its games service on 31 March 2010. This led to an overall decline of 35% in games subscription receipts for the quarter, based on the loss of revenues from the Austar service. However, Sky New Zealand continued to perform strongly, posting an 8% increase on the prior quarter.

2. Net operating cash flow (\$212,000)

This represents a 44% improvement on the previous quarter, and also marks the best quarterly net operating cash flow result since the Company floated in December 2005. In particular, the June month was strongly cash flow positive.



The increase in customer receipts, together with savings across most major cost lines (including staff and marketing), underpinned the strong result.

The Company continues its focus on tight cost control.

3.	Total net cash flow	(\$212,000)
4.	Cash on hand	\$743,000

For further information:

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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 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 UNiTAB 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 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, UNiTAB, FOXTEL, Austar, Optus TV 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")

30 June 2010

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	486	1,735
1.2 Payments for		
(a) staff costs	(361)	(1,563)
(b) advertising & marketing	(52)	(206)
(c) research & development		
(d) leased assets	(1)	(5)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	41
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Licence Fees	(63)	(312)
Other – Consultants' Fees	(52)	(166)
Other – Rental Costs	(23)	(92)
Other Expenses	(156)	(649)
Net operating cash flows	(212)	(1,217)

+ 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)	(212)	(1,217)
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	0	(2)
(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	(2)
1.14 Total operating and investing cash flows		
Cash flows related to financing activities		
1.15 Proceeds from rights issue		1,092
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		(85)
Net financing cash flows	0	1,007
Net increase (decrease) in cash held	(212)	(212)
1.21 Cash at beginning of quarter/year to date	955	955
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	743	743

+ 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	45
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 \$44,781.

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	743	955
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)	743	955


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: 27 July 2010
(Company) Secretary

Print name: Rointon Nugara

