

ASX RELEASE

29 January 2010

Cash Flow Statement and Investor Update

Performance of TV Wagering Service

Two Way Limited's TV wagering service, known as TAB ACTIVE, produced outstanding results in the December 2009 quarter. This reflects the positive impact of the Spring Racing Carnival, and the Company's recent marketing campaign which launched in early September 2009.

The full betting service is available to FOXTEL and Optus TV subscribers in both Sydney and Melbourne. As at the end of December 2009:

- More than 19,600 Tabcorp account holders had placed at least one bet via the service, which represents a 22% increase for the quarter.
- Nearly 6.6 million bets in total had been placed through the service, with more than 1.8 million in the December quarter alone. This represents a 50% increase on the previous quarter.
- Average number of bets per day grew by 48% during the quarter (averaging more than 19,000 bets per day).
- The average bet size for the quarter surged to \$9.58, a 15% increase on the previous quarter.

The attached graph shows the overall trend in turnover through the service, and the number of bets per month, as at the end of the December quarter. Turnover during the peak Spring Racing Carnival months of October and November was more than 64% higher than August and September, which were the previous record months.

As expected, turnover in December declined against the previous two months, but the service still recorded its third highest level of turnover since launch, and actually increased its share of Tabcorp's total wagering turnover during the month.

Since the Company's new marketing campaign launched on 5 September, over 4,500 Tabcorp account holders have placed a bet via the service for the first time.

Cash flow statement for the quarter ending 31 December 2009 (attached)

Key details are as follows:

1. Receipts from customers \$460,000

This is the highest level of quarterly cash receipts from customers that the Company has ever recorded.

Cash receipts from the TV wagering service grew 73% on the prior quarter, reflecting cash receipts from the peak Spring Racing Carnival months of September, October and November.

Way2Bet receipts grew 14% on prior quarter, reversing the decline recorded in the September quarter. The growth can be attributable to both strong turnover through the portal, as expected given the Spring Racing Carnival, and increased bookmaker revenues. As many of the key bookmaker agreements have a strong commission element, increased revenues received by the bookmakers results in increased commission income for Way2Bet.

Games subscription receipts declined by 24% on the September quarter, although excluding the final Foxtel payment received in July, games revenue for the December quarter declined by only 6%. Various marketing campaigns by Sky New Zealand and Austar helped to stem the decline.

Ad hoc development revenues of \$37,000 also boosted revenues during the month.

2. Net operating cash flow (\$257,000)

Staff costs were down 8% on the prior quarter, reflecting the absence of a number of one-off factors in the prior quarter. Net marketing expenditure was down 65%, as the Company was reimbursed by its TAB ACTIVE partners for their portion of costs associated with the Spring Racing Carnival advertising campaign. However, further settlement of campaign costs is expected in January 2010, which will lead to increased cash outflow for this cost line during the March 2010 quarter.

Most other operating cost lines were down on the prior quarter, reflecting a continued focus on cost control.

3. Total net cash flow \$750,000

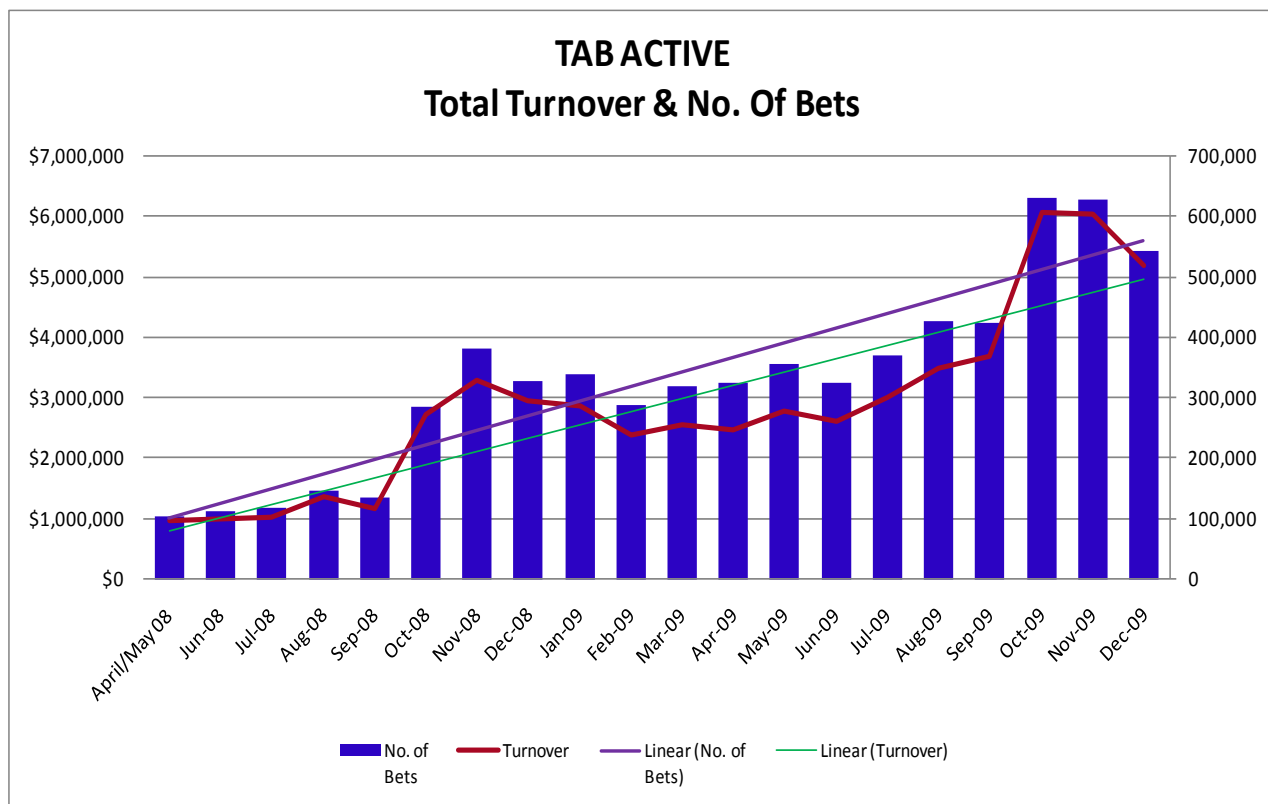
As previously reported to the market, the Company successfully completed a fully underwritten non-renounceable rights issue in November 2009, raising approximately \$1.1 million before costs of issue. Costs of issue totaled \$85,000, resulting in net financing cash flows of \$1,007,000.

4. **Cash on hand \$1,334,000**

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, 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 December 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	460	786
1.2 Payments for		
(a) staff costs	(388)	(809)
(b) advertising and marketing	(8)	(31)
(c) research and development		
(d) leased assets	(2)	(3)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	17
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Licence Fees	(63)	(125)
Other – Consultants' Fees	(35)	(73)
Other – Rental Costs	(22)	(46)
Other Expenses	(208)	(345)
Net operating cash flows	(257)	(629)

+ 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 (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(257)	(629)
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 rights issue	1,092	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)	(85)
Net financing cash flows	1,007	1,007
Net increase (decrease) in cash held	750	379
1.21 Cash at beginning of quarter/year to date	584	955
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	1,334	1,334

+ 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	53
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 \$53,062.

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		

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	1,334	584
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)	1,334	584

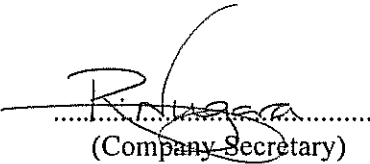
Acquisitions and disposals of business entities

	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		

+ 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: 29 January 2010
(Company Secretary)

Print name: Rointon Nugara

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