

ASX RELEASE

31 July 2009

Cash Flow Statement and Investor Update

Performance of TV Wagering Service

Two Way Limited's TV wagering service, known as Sky Racing ACTIVE, continues to grow. The full betting service is now available to FOXTEL and Optus TV subscribers in both Victoria (since late April 2008) and NSW (since October 2008).

As at the end of June 2009:

- Almost 14,000 Tabcorp account holders had placed a bet via the service, which represents a 16% increase for the quarter, and reflects the continuing growth in usage of the service.
- Nearly 3.6 million bets in total had been placed through the service, with more than one million in the June quarter alone. This is the first time that the service has exceeded one million bets for a quarter.
- Average number of bets per day grew by 6% during the quarter (averaging more than 11,000 bets per day). However, average bet size fell below \$8 in the first two months of the quarter, before returning above the \$8 mark in June. This may reflect the impact of the general adverse economic conditions.

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 June quarter.

Turnover in late June (and early July) was adversely affected by technical problems with a third party service provider. These problems have been addressed, and Two Way will continue to proactively monitor the service and ensure improved performance. Until these problems occurred, turnover in June (a quiet month for racing) was on target to match the turnover in November 2008 (at the height of last year's Spring Racing Carnival).

Two Way continues to make good progress towards its goal of expanding the TV wagering service around Australia. Formal regulatory approval to launch the service in Western Australia was received during the quarter. The timeframe for launch in a number of States is currently under discussion.

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

Key details are as follows:

1. Receipts from customers \$370,000

Turnover through the TV wagering service increased in comparison to the prior quarter, despite the impacts of the continuing general economic downturn. However, cash receipts from the service declined slightly (5%), simply as a result of the timing of payments from Tabcorp. Despite entering the traditionally quiet winter racing season, June revenues (to be received in July) are above expectations.

Games subscription receipts were down 9%, after adjusting for a one-off late payment in the previous quarter. The decline was partly due to Foxtel no longer actively selling any of its games services, which terminated on 30 June 2009. Sky New Zealand games receipts were also down, however a very successful outbound telemarketing sales campaign in April/May (gaining almost 2,500 new subscribers) should see an increase in revenue receipts in the next quarter. Ongoing marketing initiatives are also planned for the Austar games service.

Way2Bet cash receipts increased by 24% on the previous quarter. This was a strong performance by Two Way's online and mobile wagering portal.

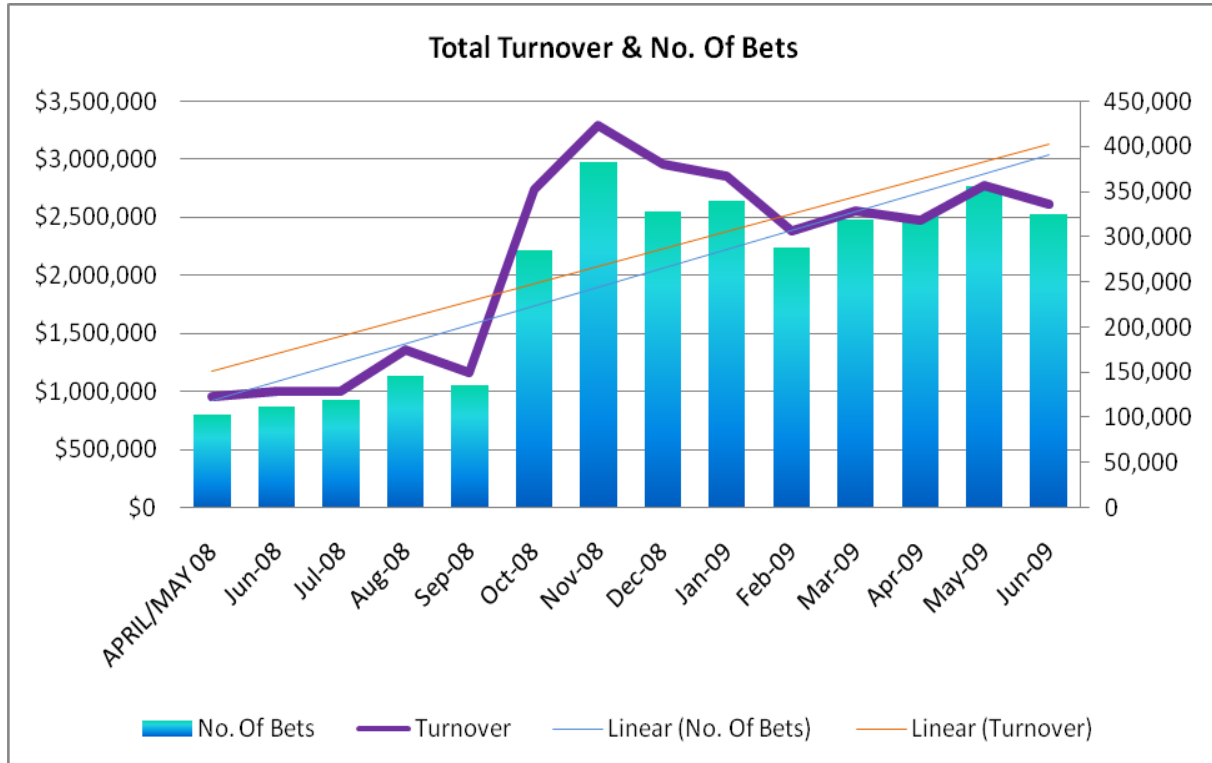
2. Net operating cash flow (\$344,000)

Marketing expenditure increased as a result of the Autumn Racing Carnival promotions. Costs associated with the lodgement of the Company's 2008 tax returns, and December 2008 half year audit, saw an increase in the legal and regulatory cost lines. All other major cost lines, including staff costs, were down on the March quarter.

3. Total net cash flow \$644,000

The Company's 1:2 non-renounceable rights issue completed in April saw a net cash injection of \$993,000 (after share issue expenses were deducted).

4. **Cash on hand \$955,000**



For further information:

Ben Reichel
Chief Executive Officer and Managing Director
Phone: +612 9017 7000 or 0412 060 281

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")

30 June 2009

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	370	1,460
1.2 Payments for		
(a) staff costs	(375)	(1,695)
(b) advertising and marketing	(47)	(198)
(c) research and 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	7	54
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Licence Fees	(62)	(326)
Other – Consultants' Fees	(49)	(121)
Other – Rental Costs	(23)	(97)
Other Expenses	(164)	(644)
Net operating cash flows	(344)	(1,572)

+ 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)	(344)	(1,572)
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	(5)	(6)
(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	(5)	(6)
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	(99)	(99)
Net financing cash flows	993	993
Net increase (decrease) in cash held	644	(585)
1.21 Cash at beginning of quarter/year to date	311	1,540
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	955	955

+ 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	46
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 \$45,961.

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
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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	955	311
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)	955	311

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		

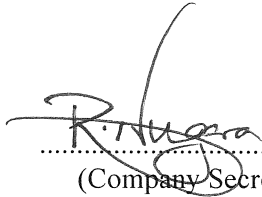
Compliance statement

+ See chapter 19 for defined terms.

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- 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: 31 July 2009

Print name: Rointon Nugara