

ASX RELEASE

30 April 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 perform strongly. The full betting service is now available to FOXTEL and Optus TV subscribers in both Victoria (since April 2008) and NSW (since October 2008).

As at the end of March 2009:

- More than 12,000 Tabcorp account holders had placed a bet via the service. This number continues to grow steadily, with new users placing bets via the service every week.
- Nearly 2.6 million bets in total had been placed through the service.
- Almost 1 million bets were placed in the March quarter alone.
- During the March quarter there was a slight reduction in average number of bets per day (which still exceeded 10,500), and average bet size (which was \$8-\$9 dollars for the quarter). This may reflect the impact of the quieter summer months, or possibly the general adverse economic conditions, although historically wagering turnover has been quite resilient in such conditions.

The attached graph shows the overall trend in turnover through the service, and the number of bets per week, as at the end of the March quarter.

All betting transactions via the service are safe, secure and encrypted. The service also includes extensive consumer safeguards.

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

Key details are as follows:

1. Receipts from customers \$431,000

This was an increase of 26% on the prior quarter, again driven by continued growth of the TV wagering service, and stronger earnings from the Way2Bet portal.

The late receipt of some prior quarter payments also contributed to the increase. If this item is excluded, revenue receipts still recorded a 16% increase for the quarter.

This represents the fourth consecutive quarterly increase in receipts from customers, following the increases of 10% in the December quarter, 14% in the September quarter and 7% in the June quarter.

The March quarter result also represents the highest level of receipts from customers in any quarter since the Company listed on the ASX.

2. Net operating cash flow (\$252,000)

This represents a 45% improvement on the December quarter (which itself recorded a 12% improvement on the September quarter). The increase in revenue receipts was a major contributing factor.

In the costs area, one contributing factor to the improvement in cash flow was a reduction in the staff costs line, including previously announced measures to cut Board fees.

Marketing expenditure was also down for the quarter, due to the relatively quieter racing period over summer. This contrasted with the December quarter, which including the 2008 Spring Racing Carnival. The Company is currently reviewing its marketing strategy, and this review process also contributed to the reduction in marketing spend during the March quarter. Expenditure on marketing is expected to increase when the new marketing strategy is implemented.

The Company continues to keep a tight rein on costs across all operating expenditure lines.

3. Total net cash flow (\$252,000)

This result surpasses the December quarterly result, and represents the best quarterly net cash flow result since the Company listed on the ASX (leaving aside quarters when the Company received the proceeds of a capital raising).

4. **Cash on hand \$310,000**

Successful Completion of Capital Raising

As reported previously, the Company successfully completed a 1:2 non-renounceable rights issue in April, after the end of the quarter, which raised \$1.0 million (net of underwriting costs and other share issue expenses). The proceeds are to be used to fund working capital and the expansion of the TV wagering service across Australia.

Summary

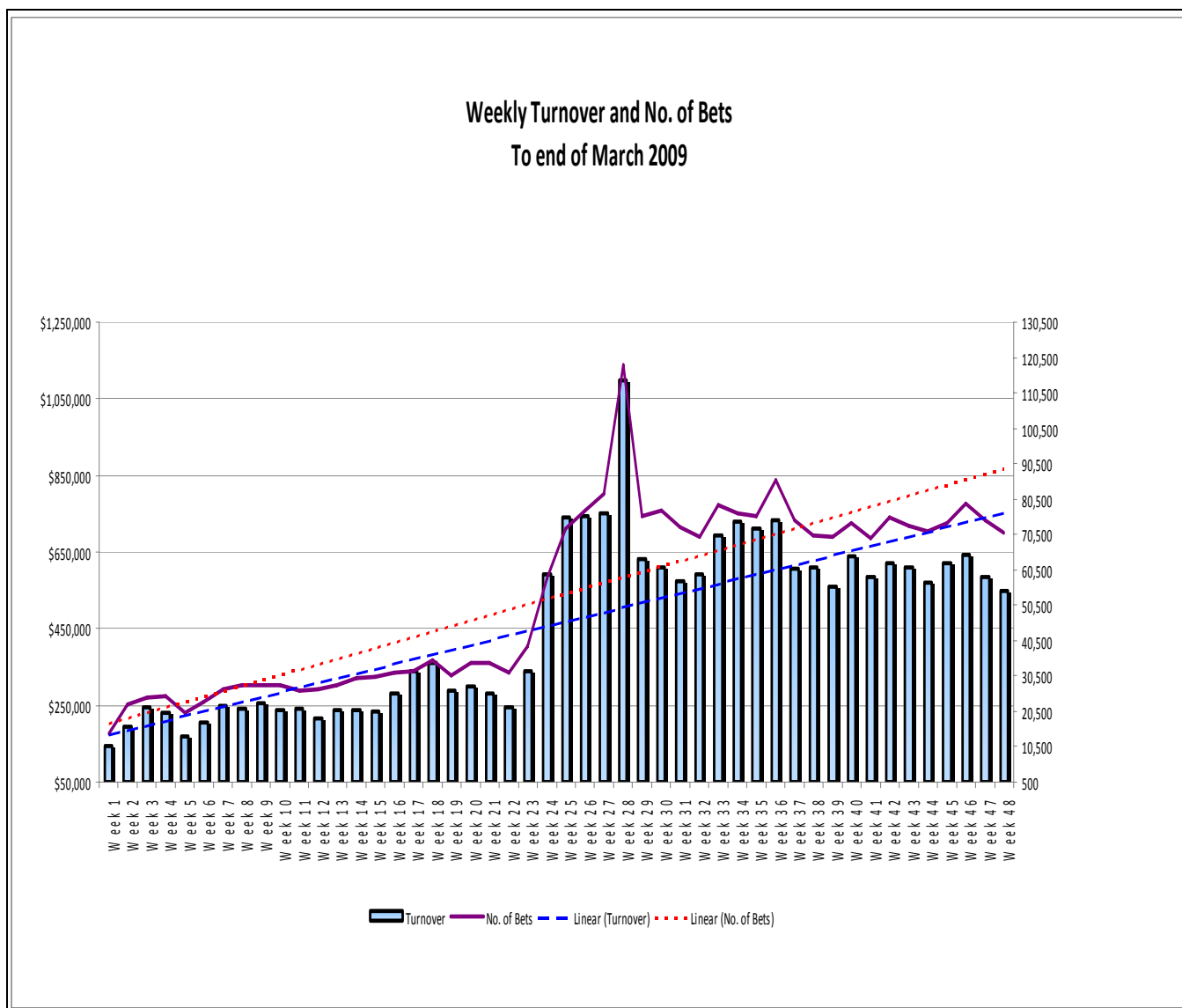
The Company's operating performance continued to improve in the March quarter. Operating revenues are now higher, and costs are lower, than at any previous time since the Company's listing on the ASX. This reflects the successful launch of the Company's TV wagering service, together with tight control of costs.

The quality of the Company's technology was recently recognised by the pay TV industry, with the receipt of an ASTRA Award for "Most Outstanding Use of Interactive Television".



The Company continues to work to expand its TV wagering service around Australia and overseas, and is making good progress towards those goals.

The graph below shows the total weekly turnover through the Company's TV wagering service, and the number of bets per week, from launch until the end of March 2009.



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 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 March 2009

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	431	1,089
1.2 Payments for		
(a) staff costs	(386)	(1,320)
(b) advertising and marketing	(28)	(151)
(c) research and development		
(d) leased assets	(1)	(4)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6	46
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Licence Fees	(59)	(264)
Other – Consultants' Fees	(17)	(72)
Other – Rental Costs	(26)	(73)
Other Expenses	(172)	(480)
Net operating cash flows	(252)	(1,229)

+ 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)	(252)	(1,229)
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		(1)
(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	(1)
1.14 Total operating and investing cash flows		
Cash flows related to financing activities		
1.15 Proceeds from share placement		
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 placement expenses		
Net financing cash flows	0	0
Net increase (decrease) in cash held	(252)	(1,230)
1.21 Cash at beginning of quarter/year to date	562	1,540
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	310	310

+ 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	49
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 \$48,838.

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	310	562
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)	310	562

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		

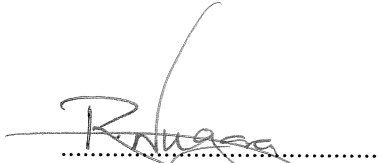
Compliance statement

+ 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: 30 April 2009

Print name: Rointon Nugara

