

ASX RELEASE

29 April 2010

Cash Flow Statement and Investor Update

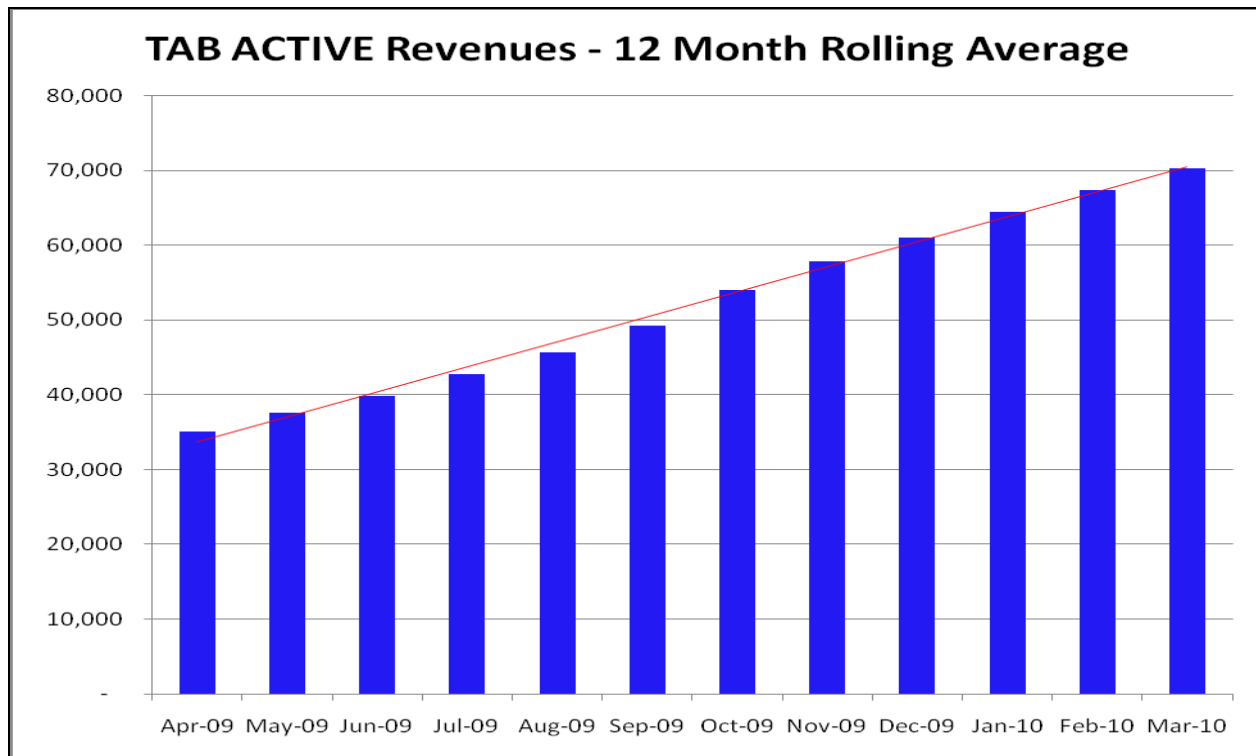
Performance of TV Wagering Service

Two Way Limited's TV wagering service, known as TAB ACTIVE, posted a solid result for the March 2010 quarter, bearing in mind the quarter lies between the busy December and June quarters, which include the peak Spring and Autumn Racing Carnivals respectively.

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

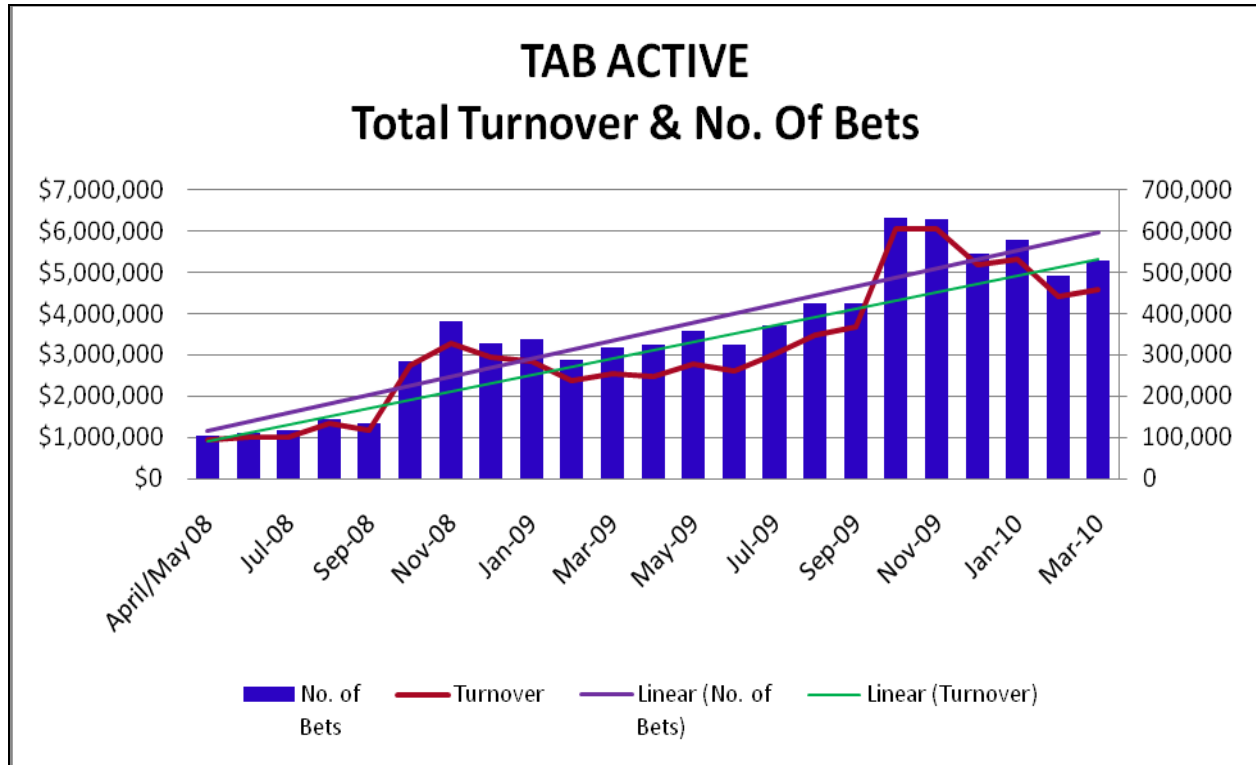
- More than 21,450 Tabcorp account holders had placed at least one bet via the service, which represents a 10% increase for the quarter.
- Nearly 8.2 million bets in total had been placed through the service, with nearly 1.6 million in the March quarter alone.
- The average number of bets per day during the quarter was 18,000.
- The average bet size for the quarter was \$8.97.

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



As expected, turnover in the March quarter declined against the previous quarter. However, January recorded the third highest, and March the fifth highest, levels of monthly turnover respectively 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 March quarter.



Launch of new Sky Racing channels

As previously announced to the market, Sky Racing is expanding its coverage of all racing codes by adding two new channels to its original channel, which is now called Sky Racing 1. The Sky Racing 2 channel launched on 30 March 2010, and the Sky Racing World channel launches next week, on Tuesday 4 May 2010.

The new channels will enable Sky Racing to increase the number of races broadcast from around 65,000 per annum to around 80,000 per annum. Sky Racing World will be a thoroughbred-only channel, providing superior coverage of all major thoroughbred meetings from Australia and overseas.

From next Tuesday, 4 May, all three channels will feature the Company’s TAB ACTIVE interactive wagering service. The service will inform viewers which race is next to go, and on which channel, thus ensuring that viewers never miss a race. Viewers will be able to switch between all three channels without exiting the service, and without disconnecting from the betting engine.

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 31 March 2010 (attached)

Key details are as follows:

1. Receipts from customers \$463,000

Quarterly cash receipts 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 6% on the prior quarter. Again, this was expected given the reduced activity after the peak Spring Racing Carnival, which was reflected in December quarter results.

Way2Bet receipts grew 80% on prior quarter. Continued growth through the portal, together with the timing of various payments, were the key drivers for the strong result.

Games subscription receipts declined by 3% on the December quarter. Sky New Zealand continued to maintain and grow its subscriber base as a result of its various marketing campaigns. Austar games receipts continued to decline as a result of its decision to terminate its games service on 31 March 2010.

Ad hoc development revenues of \$35,000 also boosted revenues during the quarter.
2. Net operating cash flow (\$377,000)

Marketing expenditure increased on the prior quarter, as expected, as Spring Racing Carnival advertising costs were largely settled in January & February. Furthermore, in the December quarter the Company had been reimbursed by its TAB ACTIVE partners for their portion of costs associated with the Spring Racing Carnival advertising campaign.

Licence fees totalled \$124,000, which was double the amount paid in the prior quarter. This was a one-off occurrence, arising from a revised agreement with Two Way Media (UK) to remit quarterly licence fees in advance rather than in arrears for one year only, commencing January 2010. Therefore January 2010 saw the payment of both the December quarter (in arrears) and the March quarter (in advance). The temporary change to the timing of licence payments was agreed to as part of a more favourable licence fee arrangement going forward.

The Company continues its focus on tight cost control.
3. Total net cash flow (\$379,000)
4. **Cash on hand** **\$955,000**

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 March 2010

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 | 463 | 1,249 |
| 1.2 Payments for | | |
| (a) staff costs | (394) | (1,202) |
| (b) advertising & marketing | (122) | (154) |
| (c) research & 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 | 13 | 30 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Other – Licence Fees | (124) | (249) |
| Other – Consultants' Fees | (40) | (113) |
| Other – Rental Costs | (23) | (69) |
| Other Expenses | (149) | (493) |
| Net operating cash flows | (377) | (1,005) |

+ 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) | (377) | (1,005) |
| 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 | (2) | (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 | (2) | (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 | (379) | 0 |
| 1.21 Cash at beginning of quarter/year to date | 1,334 | 955 |
| 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 \$45,591. |
|---|

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 | 955 | 1,334 |
| 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 | 1,334 |


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: 29 April 2010
(Company Secretary)

Print name: Rointon Nugara

