

ASX RELEASE

29 October 2009

Cash Flow Statement and Investor Update

Performance of TV Wagering Service

Two Way Limited's TV wagering service, known as TAB ACTIVE, is now growing more strongly than ever before. 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 Victoria and NSW. As at the end of September 2009:

- More than 16,000 Tabcorp account holders had placed at least one bet via the service, which represents a 14% increase for the quarter.
- Nearly 4.8 million bets in total had been placed through the service, with more than 1.2 million in the September quarter alone. This represents a 21% increase for the quarter.
- Average number of bets per day grew by 19% during the quarter (averaging more than 13,000 bets per day).
- The average bet size for the quarter also improved to \$8.32.

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 September quarter. Record levels of turnover were experienced in the months of August and September, which both surpassed the previous peak of November 2008 (at the height of last year's Melbourne Cup Carnival).

Turnover in the month of October 2009 is on track to increase by more than 50% from the September level.

Since the Company's new marketing campaign launched on 5 September, more than 2,000 Tabcorp account holders have placed a bet via the service for the first time.

Cash flow statement for the quarter ending 30 September 2009 (attached)

Key details are as follows:

1. Receipts from customers \$327,000

Cash receipts from the TV wagering service grew 17% on the prior quarter, in line with increased turnover. Turnover and receipts are expected to continue to grow in the current (December) quarter, reflecting cash receipts from the peak Spring Racing Carnival months of September, October and November.

Way2Bet receipts were down 48% on prior quarter, despite strong growth in turnover through the portal. This is largely attributable to higher bookmaker losses, resulting in reduced commission income for Way2Bet. Many of the key bookmaker agreements have

a strong commission element, based on revenues received by the bookmakers. This means that if Way2Bet punters are successful, then Way2Bet receives reduced income. For example, in the month of September, turnover from Way2Bet punters exceeded \$1.1 million, but with many favourites winning, most Way2Bet bookmaker clients experienced a net loss relating to those punters for the month.

Games subscription receipts declined by 29% on the June quarter, reflecting Foxtel's decision to terminate all of its games service on 30 June 2009. However, Sky New Zealand games receipts were up by 15%, after a very successful outbound telemarketing sales campaign in April/May, which saw almost 2,500 new subscribers take up the service. Further marketing initiatives are planned for the games services on both Sky New Zealand and Astar.

2. Net operating cash flow (\$371,000)

Staff costs were up 12% on the prior quarter, due to a number of one-off factors, including the timing of fortnightly payroll runs. In addition, marketing consultancy costs increased, reflecting the Company's implementation of the new marketing campaign for the TAB ACTIVE service. All other operating cost lines were down on the prior quarter.

3. Total net cash flow (\$371,000)

4. **Cash on hand \$584,000**

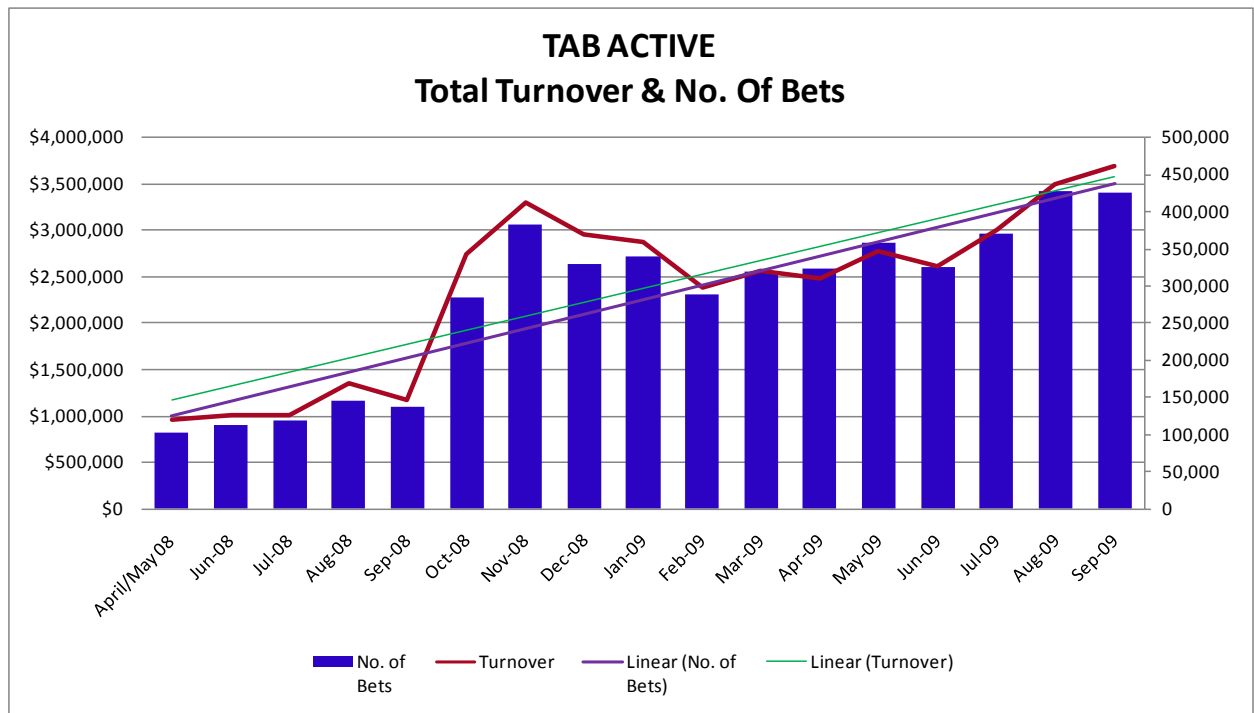
Non-renounceable Rights Issue

As previously disclosed to the Market, the Company has recently concluded a fully underwritten non-renounceable rights issue, raising approximately \$1.1 million (before costs of the issue). The funds raised will be used for working capital, including the continued marketing and deployment of the Company's TV wagering service.

Under the terms of the Rights Issue, existing eligible shareholders were offered one ordinary share in the Company for every six fully paid ordinary shares held, at an issue price of 4 cents per new share. The Offer opened on 9 October 2009 and closed on 23 October 2009.

The offer closed oversubscribed by 54%. 27.3 million shares were on offer, and applications were received for 42.1 million shares. The terms of the Rights Offer do not provide for acceptance of oversubscriptions beyond the amount being raised. Accordingly, oversubscribed funds will be returned to unsuccessful applicants as soon as practicable.





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 September 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	327	327
1.2 Payments for		
(a) staff costs	(421)	(421)
(b) advertising and marketing	(23)	(23)
(c) research and development		
(d) leased assets	(1)	(1)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	8	8
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Licence Fees	(62)	(62)
Other – Consultants' Fees	(38)	(38)
Other – Rental Costs	(24)	(24)
Other Expenses	(137)	(137)
Net operating cash flows	(371)	(371)

+ 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 (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(371)	(371)
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		
(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		
1.16 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		
Net financing cash flows	0	0
Net increase (decrease) in cash held	(371)	(371)
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	584	584

+ 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	51
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 \$51,208.

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	584	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)	584	955

Acquisitions and disposals of business entities

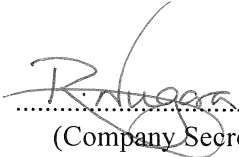
	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

+ See chapter 19 for defined terms.

- 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:


.....
(Company Secretary)

Date: 29 October 2009

Print name: Rointon Nugara