

ASX RELEASE

22 October 2010

Cash Flow Statement and Investor Update

Two Way Limited attaches its cash flow statement for the quarter ended 30 September 2010.

Investor Update – Performance of TV Wagering Service

Two Way Limited's TV wagering service, TAB ACTIVE, continued to grow strongly during the September 2010 quarter. Total turnover through the service increased by **38.5%** compared to the corresponding period last year.

Total turnover through the service since launch has now exceeded the milestone of **\$100 million**.

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

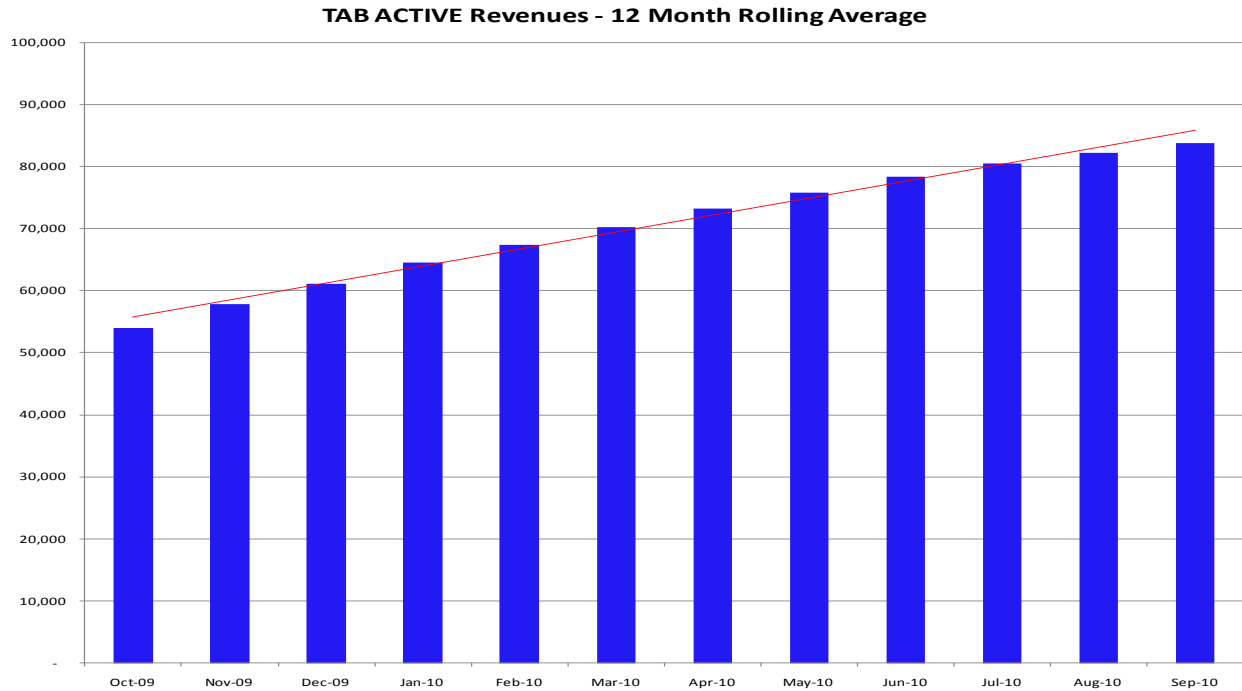
- More than 24,000 Tabcorp account holders had placed at least one bet via the service. This was a 5% increase for the quarter.
- Over 11.3 million bets in total had been placed through the service, with nearly 1.6 million in the September quarter alone.
- The average number of bets per day during the quarter was 17,300.
- The average bet size for the quarter was \$8.93, a 3% increase on the prior quarter.

Turnover in the September quarter was up 4% on the previous quarter, with September month recording a particularly strong result. This is to be expected with the commencement of the Spring Racing Carnival, but it is encouraging to note that turnover for September month was up 32% compared to September 2009.

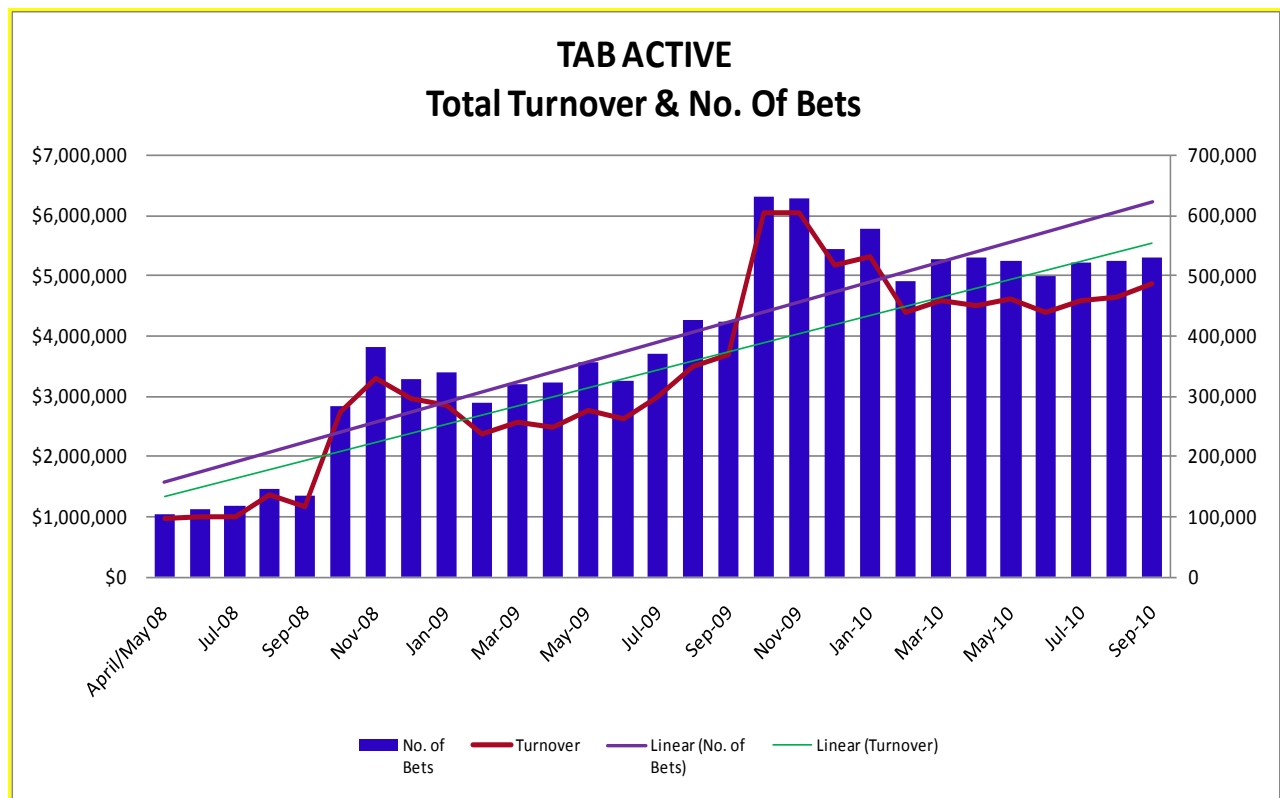
In recent months, the Company has made significant progress in its ongoing efforts to obtain final regulatory approval to launch the service in Queensland and South Australia. While there is no certainty on the outcome of this process, or on its timing, the Company anticipates that approval may be granted in the near future.

Launch of the service in Western Australia has been approved, and a binding contract signed. Launch in that State is still anticipated to occur in early calendar 2011.

The first graph on the next page shows revenues through the service on a 12 month rolling average basis.



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 September quarter.



Cash flow statement for the quarter ending 30 June 2010 (attached)

Key details are as follows:

1. Receipts from customers \$375,000

Cash receipts from the TV wagering service were largely in line with the prior quarter, despite the traditionally quieter winter racing months of July and August. Receipts from this service are expected to increase significantly in the December quarter, when payments will be received for the three key months of the Spring Racing Carnival.

Way2Bet receipts were up on the June quarter, reflecting the continuing growth through the portal. Increased focus on reducing debtor days with the key corporate bookmakers has resulted in increased receipts.

A number of ad hoc development projects were undertaken during the quarter. Revenue receipts from these projects have been, or are due to be, received in October 2010.

2. Net operating cash flow (\$372,000)

Quarterly operating cash flow included a number of one-off items incurred around this time of the year. These include compliance and regulatory costs such as annual audit fees and ASX annual listing fees. The period also included increased marketing expenses, in the lead up to the important Spring Racing Carnival. This contrasts with the quieter June quarter.

Net cash flow was adversely impacted by late payment of several invoices issued to major customers, totalling \$125,000, that were due to be paid before the end of September. These payments have now been, or are expected to be, received in October.

The Company continues its focus on tight cost control.

3. Total net cash flow (\$372,000)

4. **Cash on hand \$371,000**

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, which has now been extended to include Racing and Wagering Western Australia (RWWA) and UNiTAB Limited (ASX:TTS). Two Way has 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, RWWA, UNiTAB, FOXTEL, Austar, Optus TV 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 2010

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	375	375
1.2 Payments for (a) staff costs	(399)	(399)
(b) advertising & marketing	(58)	(58)
(c) research & 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	(37)	(37)
Other – Consultants' Fees	(51)	(51)
Other – Rental Costs	(26)	(26)
Other Expenses	(183)	(183)
Net operating cash flows	(372)	(372)

+ 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)	(372)	(372)
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	0	0
(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	(372)	(372)
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	(372)	(372)
1.21 Cash at beginning of quarter/year to date	743	743
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	371	371

+ 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	43
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 \$43,440

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	371	743
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)	371	743

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: 22 October 2010
(Company Secretary)

Print name: Rointon Nugara