

ASX RELEASE

23 February 2010

Half Year Financial Report

Two Way Limited today released its financial report and accounts for the six month period ending 31 December 2009 (1H10).

The results are the strongest recorded in the Company's history, and show a substantial improvement in operating performance as compared to the previous corresponding period. However, the net result was adversely impacted by a one-off item, as a result of the Board's decision to take an extremely conservative view of the carrying value of the prepaid wagering fee. The value of this asset has now been written down to zero. This is a non-cash item which has no impact on the Company's operations, and does not reflect any adverse view of the prospects of the TV wagering service.

Key Financial Information

	1H10	1H09	% Change
	\$	\$	
Revenue			
- Operating revenue	796,328	703,120	Up 13.3%
- Interest revenue	<u>19,394</u>	<u>34,166</u>	Down 43%
Total revenue	815,722	737,286	Up 10.6%
Operating Costs	(1,433,042)	(1,538,070)	Reduced 6.8%
Operating Result	(617,320)	(800,784)	Improved 22.9%
Depreciation & Amortisation	(286,462)	(616,312)	Reduced 53.5%
Net Result after tax & before abnormals	(904,472)	(1,417,096)	Improved 36.2%
Abnormals	(1,589,148)*	Nil	n/a
Net Result	(2,493,620)	(1,417,096)	Increased 76%

* - non-cash impairment charge against the carrying value of the prepaid wagering fee.



Review of Operations

Extremely strong revenue growth was recorded for the Company's flagship TV wagering service. Revenues from this service for the half-year totaled \$466,405, an improvement of 119.2% on the previous corresponding period. This strong growth was a result of the Company's marketing campaign for the service, and the fact that the service was operating in New South Wales for the full period (having launched there on 7 October 2008, part way through the previous corresponding period).

The increase in wagering revenues was sufficient to outweigh the decline in games revenues, which totaled \$202,719 for the half-year, a decline of 49.4%. The primary reason for the decline in games revenues was the decision by Foxtel to terminate all of its subscription games services on 30 June 2009.

The Way2Bet wagering portal recorded healthy revenue growth of 12.6%, reaching a total of \$72,913 for the period. The portal continues to grow in popularity amongst both the Company's bookmaker clients, and end users of the service.

Development revenue also showed strong growth for the half year, reaching a total of \$54,290, an increase of 118.9% on the previous corresponding period. These development opportunities can generate good income for the Company, but are entirely project-driven and depend on ad hoc decisions taken by the subscription TV platforms and channels.

Total expenses (including depreciation and amortisation) declined by 20.2%, with significant reductions in most cost lines, apart from telecommunications and marketing expenses which are required to support the growth of the TV wagering service. Total personnel expenses (including employee benefits, professional and consulting fees, and director's fees) declined by 8.7%. Licence fees declined by 62.5%, reflecting the positive impact of actions taken by management to renegotiate and terminate unproductive licensing deals.

Prepaid wagering fee

Depreciation and amortisation for the half-year showed a substantial reduction of 53.5%, reflecting the positive impact of earlier decisions taken by the Board to reduce the carrying value of the prepaid wagering fee. As noted above, the Board has now decided to take an extremely conservative view of the carrying value of this asset, writing its value down to zero as at 31 December 2009.

While this one-off item has a negative impact on the results for the half year (and for the full FY10 year), it will have the positive impact of reducing the amortisation drag on the Company's results in the current year, and will particularly benefit all future years. For example, amortisation of the prepaid wagering fee for the half year was \$238,374, but this will be reduced to zero for the second half.

As noted above, the decision to write down the carrying value of this asset is a non-cash item which has no impact on the Company's operations, and does not reflect any negative view of the prospects of the TV wagering service. Based on the strong growth in revenues through the service for the half year, the Directors remain confident that the



prepaid wagering fee will be fully recovered from TV wagering revenues during the term of the initial five year contract with Tabcorp and Foxtel.

Outlook

The Board and management continue to work hard to accelerate the growth in revenue through the Company's TV wagering service. This requires effective marketing in the areas where the service is currently live, which are still limited to metropolitan Sydney and Melbourne (the service areas of the Foxtel and Optus TV platforms). New features will be added to the wagering service to support the two new Sky Racing channels, which will be extensively promoted by Tabcorp in the next few months.

Revenue growth will also come from the expansion of the service around Australia. This process is well underway, but has been repeatedly delayed by various factors beyond the Company's control. Regulatory approval for the launch of the service has been received in Western Australia, and all technical work has been completed for launch in Queensland and South Australia.

The decline in games revenues is expected to continue, due to a recent decision by Austar to terminate all of its games services on 30 March 2010. This will mean that the Company's interactive TV games service will be live only on the Sky New Zealand platform. The Company has already implemented cost reductions, where possible, to partially compensate for this reduction in revenue from Austar games.

The Company will also continue to work hard to pick up additional ad hoc development revenues where possible, utilising the Company's expertise in interactive TV services.

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



TWO WAY LIMITED & CONTROLLED ENTITIES

Appendix 4D

Listing Rule 4.2A.3

Half Year Ended 31 December 2009

	31/12/2009	31/12/2008	Change	
	\$A	\$A	\$A	%
Consolidated Results				
Revenue from ordinary activities	815,722	737,286	78,436	11%
Loss from ordinary activities	(903,782)	(1,417,096)	513,314	(36%)
Net loss after impairment loss on prepaid wagering fee and income tax expense	(2,493,620)	(1,417,096)	(1,076,523)	76%
Net profit (loss) attributable to members	(2,493,620)	(1,417,096)	(1,076,523)	76%

Previous Corresponding Period

The comparison is to the period ending 31 December 2008

Net Tangible Assets per Security	2009	2008
Net tangible asset backing per ordinary security (cents)	0.6	4.8

Dividends (distributions)

No dividend payments are proposed and none were paid during the period.

Key Developments

A commentary on the results for the period is contained in the press release dated 23rd February 2010 accompanying this statement.

TWO WAY LIMITED & CONTROLLED ENTITIES

ABN 28 007 424 777

Half-Year Financial Report

31 December 2009

TWO WAY LIMITED & CONTROLLED ENTITIES

Corporate Information

(as at 31 December 2009)

ABN 28 007 424 777

Directors

Mr Stuart James McGregor (Chairman)

Mr Benedict Paul Reichel (Managing Director)

Mr Christopher Roberts Grant-Foster (Non-Executive Director)

Mr Craig Francis Connelly (Non-Executive Director) – resigned 10 November 2009

Company Secretary

Mr Rointon Nugara

Registered Office

Suite 2.05

55 Miller Street

Pymont NSW 2009

Principal Place of Business

Suite 2.05

55 Miller Street

Pymont NSW 2009

Bankers

Bankwest

Share Register

Registries Limited

Level 7, 207 Kent Street

Sydney NSW 2000

Auditors

William Buck Chartered Accountants

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Directors' Report

The Directors present their report on the consolidated entity consisting of Two Way Limited (the Company) and its controlled entities for the half-year ended 31 December 2009.

Directors

The names of Directors in office at any time during the half-year and up to the date of this report are:

Mr Stuart James McGregor	Chairman
Mr Benedict Paul Reichel	Managing Director
Mr Christopher Roberts Grant-Foster	Non-Executive Director
Mr Craig Francis Connolly	Non-Executive Director (resigned 10 November 2009)

Review of operations

The Company's principal focus during the six month period to 31 December 2009 was to promote and grow its flagship TV wagering service. Of particular note were the outstanding results recorded in the December 2009 quarter, reflecting the positive impact of the Spring Racing Carnival, and also the effectiveness of the Company's marketing campaign, launched in early September to coincide with the Spring Racing Carnival. It is worth noting that in each of the last five months of the period under review, turnover and usage were the highest on record. The Company continues to leverage the success of its marketing campaign to increase usage and turnover in the traditionally quiet new year period, in the lead up to the 2010 Autumn Carnival.

The TV wagering service is available to viewers of the Sky Racing Channel on the Foxtel and Optus TV platforms. It provides detailed race and wagering information for all thoroughbred, harness and greyhound race meetings being held around Australia each day. All of this information is updated automatically in real time. The service also enables holders of TAB wagering accounts to use their remote control to place bets, including all bet types offered by Tabcorp.

The Company continues to work to extend the TV wagering service to other parts of Australia, with regulatory approval already having been granted in Western Australia and all technical work completed for launch in Queensland and South Australia.

The Company's Way2Bet online and mobile wagering portal also grew strongly, with revenues from this service increasing by 13% on the previous corresponding period. The popularity of the service is reflected in the fact that all major online bookmakers in Australia are represented on the portal, and moreover, that many existing contracts have been successfully renewed.

Games service revenues have fallen during the period under review, primarily as a result of Foxtel's decision to terminate its subscription games service on 30 June 2009. Austar also recently advised that it would terminate all of its subscription games services at the end of March 2010.

TWO WAY LIMITED & CONTROLLED ENTITIES

The Company continued to maintain a tight rein on costs, which fell 20% on the prior corresponding period, despite increased telecommunications and marketing costs necessarily incurred in relation to the TV wagering service.

In November 2009, the Company successfully completed a Non-renounceable Rights Issue, raising approximately \$1.1m (before capital raising costs). The Rights Issue was oversubscribed by 54%.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 5 of this half-year ended 31 December 2009 report.

Signed in accordance with a resolution of the Directors:



Mr S. J. McGregor
Director

Dated 23rd February 2010

Auditor's Independence Declaration

To the Directors of Two Way Limited:

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009, there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

William Buck
Chartered Accountants



Neil Esho
Partner
Sydney, 23 February 2010

TWO WAY LIMITED & CONTROLLED ENTITIES

Consolidated Statement of Comprehensive Income
Half-Year ended 31 December 2009

	Economic Entity	
	31.12.2009	31.12.2008
	\$	\$
Revenue	815,722	737,286
Employee benefits expense	827,845	949,909
Depreciation and amortisation	286,462	616,312
Professional and consulting fees	67,566	31,296
Travel	15,266	14,452
Licence fees	51,366	137,064
Administration expenses	81,940	86,527
Telecommunication costs	169,221	155,227
Marketing costs	174,455	115,516
Other expenses from ordinary activities	45,384	48,079
Impairment of assets	1,589,148	-
	<hr/>	<hr/>
Loss before income tax	(2,492,930)	(1,417,096)
Income tax expense	690	-
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive loss for the period	<u>(2,493,620)</u>	<u>(1,417,096)</u>
Basic earnings per share (cents per share)	-1.62	-1.30
Diluted earnings per share (cents per share)	-1.62	-1.30

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

TWO WAY LIMITED & CONTROLLED ENTITIES

**Consolidated Statement of Financial Position
As at 31 December 2009**

	Economic Entity	
	31.12.2009	30.06.2009
	\$	\$
Current Assets		
Cash	1,333,504	954,756
Trade & other receivables	218,157	188,198
Other	82,090	61,223
Total Current Assets	<u>1,633,751</u>	<u>1,204,177</u>
Non-Current Assets		
Plant & equipment	92,067	140,155
Other - prepaid wagering fee	-	1,827,522
Total Non-Current Assets	<u>92,067</u>	<u>1,967,677</u>
Total Assets	<u>1,725,818</u>	<u>3,171,854</u>
Current Liabilities		
Payables	444,900	428,566
Provisions	157,076	152,910
Total Current Liabilities	<u>601,976</u>	<u>581,476</u>
Non-Current Liabilities		
Provisions	59,416	53,229
Total Non-Current Liabilities	<u>59,416</u>	<u>53,229</u>
Total Liabilities	<u>661,392</u>	<u>634,705</u>
Net Assets	<u>1,064,426</u>	<u>2,537,149</u>
Equity		
Contributed equity	48,220,436	47,212,380
Reserves	127,720	114,879
Accumulated losses	(47,283,730)	(44,790,110)
Total Equity	<u>1,064,426</u>	<u>2,537,149</u>

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

TWO WAY LIMITED & CONTROLLED ENTITIES

Consolidated Statement of Changes in Equity
Half-Year ended 31 December 2009

	Contributed Equity \$	Retained Profits \$	Share Issue Expense Reserve \$	Employee Options Reserve \$	Total \$
Balance at 1.7.2008	53,958,950	(39,644,356)	(7,738,343)	109,510	6,685,761
Total comprehensive profit/(loss) for the half-year	-	(1,417,096)	-	-	(1,417,096)
Employee share options issued	-	-	-	(20,109)	(20,109)
Balance at 31.12.2008	<u>53,958,950</u>	<u>(41,061,452)</u>	<u>(7,738,343)</u>	<u>89,401</u>	<u>5,248,556</u>
Balance at 1.7.2009	55,050,871	(44,790,110)	(7,838,491)	114,879	2,537,149
Shares issued	1,091,930	-	-	-	1,091,930
Total comprehensive profit/(loss) for the half-year	-	(2,493,620)	-	-	(2,493,620)
Employee share options issued	-	-	-	12,841	12,841
Share issue expense	-	-	(83,874)	-	(83,874)
Balance at 31.12.2009	<u>56,142,801</u>	<u>(47,283,730)</u>	<u>(7,922,365)</u>	<u>127,720</u>	<u>1,064,426</u>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

TWO WAY LIMITED & CONTROLLED ENTITIES

Consolidated Statement of Cash Flows
Half-Year ended 31 December 2009

	Economic Entity	
	31.12.2009	31.12.2008
	\$	\$
Cash Flows from Operating Activities		
Receipts from customers	786,322	658,249
Payments to suppliers and employees	(1,431,794)	(1,676,355)
Upfront Wagering fee	-	-
Interest received	16,945	40,761
Net cash provided by / (used in) operating activities	(628,527)	(977,345)
Cash Flows from Investing Activities		
Purchase of plant and equipment	-	(586)
Cash paid for non-current assets	-	-
Net cash provided by / (used in) investing activities	-	(586)
Cash Flows from Financing Activities		
Proceeds from share issue	1,091,930	-
Share issue expenses	(84,655)	-
Net cash provided by / (used in) financing activities	1,007,275	-
Net increase / (decrease) in cash held	378,748	(977,931)
Cash and cash equivalents at beginning of period	954,756	1,540,339
Cash and cash equivalents at end of period	1,333,504	562,408

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Half-Year Financial Statements 31 December 2009

Note 1: Significant Accounting Policies

Reporting Entity

Two Way Limited (the "Company") is a company domiciled in Australia. The consolidated half-year financial report of the Company as at and for the six months ended 31 December 2009 comprises the Company and its controlled entities (together referred to as the "Group" or "Consolidated Entity").

Statement of Compliance

The consolidated half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The same accounting policies and methods of computation have been followed in the interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not previously applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that made previously.

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- the adoption of the single statement approach to the presentation of the statement of comprehensive income; and
- other financial statements are renamed in accordance with the Standard.

The consolidated half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Two Way Limited and its controlled entities during the half year in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

This consolidated half-year financial report was approved by the Board of Directors on 23rd February 2010.

TWO WAY LIMITED & CONTROLLED ENTITIES

Going Concern

For the half-year ended 31 December 2009, the consolidated entity incurred a loss of \$2,493,620 (2008: loss of \$1,417,096), including a non-cash impairment loss of \$1,589,148. Whilst there have been improvements in net cash outflows from operating activities, cash at bank and on hand, and operating results from ordinary activities, in comparison to the corresponding period last year, uncertainty regarding the economic entity's ability to continue as a going concern remains. As such, and under the requirements of Australian Accounting Standards, the Directors have reviewed whether the economic entity can continue to operate as a going concern by preparing cash flow projections and assessing the economic entity's ability to realise its assets and settle its liabilities in the normal course of business and for at least the amounts stated. Following this review the Directors believe that the economic entity is in a stronger position than it was a year ago and indeed, six months ago. Notwithstanding this, further capital-raising may be required within the next 12 months to meet the economic entity's obligations.

The Directors have prepared the half-year financial report on a going concern basis given the following:

- Continued strong growth of the Company's TV wagering service in both NSW and Victoria, as reflected in record turnover and usage results;
- Expansion of the TV wagering service to other jurisdictions, with formal regulatory approval to launch the service in Western Australia having been received; and continued work to have the TV wagering service technically ready for deployment in other jurisdictions in anticipation of securing regulatory approval;
- Continued focus on costs containment in the current year, in addition to substantial cost savings achieved in prior years, are having and will continue to have, a significant flow on effect in the 30 June 2010 and subsequent financial years;
- No further upfront fees to be paid with regard to further deployment of the TV wagering service; and
- Based on the above factors, the Directors believe the economic entity will be successful in raising further capital if and as required.

Notwithstanding the material uncertainties of future events outlined above, the Directors consider it is appropriate to prepare the financial statements on a going concern basis and hence no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary if the entity does not continue as a going concern.

Apart from that noted below, the accounting policies applied in preparing the financial statements for the half-year ended 31 December 2009, are consistent with those applied in preparing the comparative information presented in these financial statements and are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2009.

Prepaid wagering fee

The Company commenced to progressively write off the prepaid wagering fee upon the commercial launch of the Sky Racing Active service on 28 April 2009. The fee is amortised straight line over the term of the TV wagering service agreement, which expires in April 2013.

Similar to 30 June 2009, and in accordance with the provisions of *AASB 136 Impairment of Assets*, the Company has reviewed the carrying value of the prepaid wagering fee at the reporting date to determine whether there is any indication of impairment. Where such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair

TWO WAY LIMITED & CONTROLLED ENTITIES

value less costs to sell and value in use, is compared to the asset's carrying value. Any excess in the asset's carrying value over its recoverable amount is expensed to the income statement. An impairment test was conducted based on recently revised internal financial projections prepared by the Company (which are in turn based on best-estimate assumptions, having regard for current revenue run rates, revised costs estimates, and other relevant factors). The revised analysis resulted in a downward revision of revenues in the latter years of the period under review, however the following assumptions remain unchanged from the impairment test performed at 30 June 2009 – namely:

- Increase in revenues for NSW and Victoria on the Foxtel platform based on recent run rates; the expected impact of increased promotional activity; growth in average bet size; number of bets placed; and projected growth in the take up of the service by both Tabcorp and Foxtel customers.
- Cash flow projections are to the end of the initial 5 year term of the interactive wagering agreement.
- Annual inflation factor of 3.0% per annum for most cost lines.
- Discount rate of 11.36%

Having regard to the provisions of AASB 136, the Directors have determined that the current carrying value of the asset be fully expensed at 31 December 2009, resulting in an impairment loss of \$1,589,148. The Directors remain confident that the prepaid wagering fee paid to Foxtel will be fully recovered from TV wagering revenues within the term of the initial contract. The decision to write down the value of the prepaid wagering fee is a non-cash item that has no impact on ongoing operations, and does not adversely affect the prospects of the Company's TV wagering service.

Note 2: Segment Reporting

The Company has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner that is consistent with the internal reports that are reviewed and used by the Managing Director (chief operating decision maker) and the Board of Directors.

Based on these reports, management has determined that the Company has one operating segment, being the development and deployment of advanced interactive media and gambling applications.

Note 3: Contingent Liabilities

There has been no change in contingent liabilities since the end of the last annual reporting period.

Note 4: Subsequent Events

There were no events which occurred between 31 December 2009 and the date of this report.

Directors' Declaration

The directors of the company declare that:

- 1. The financial statements and notes as set out on pages 6 - 12:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) Give a true and fair view of the economic entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date.

- 2. In the Director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



S. J. McGregor

Dated this

23rd day of February 2010

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Two Way Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Two Way Limited (which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity. The consolidated entity comprises both the company and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Two Way Limited are responsible for the preparation and fair presentation of the consolidated half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Two Way Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Two Way Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 1 in the half year financial report which indicates that during the half year ended 31 December 2009, the economic entity incurred a net loss of \$2,493,620 (2008: loss of \$1,417,096) and a net cash outflow from operating activities of \$628,527 (2008: outflow of \$977,345). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's review report relates to the financial report of Two Way Limited for the half year ended 31 December 2009 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of the company's website. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to / from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the financial report to confirm the information included in the financial report presented on the website.

William Buck

Chartered Accountants



Neil Esho

Partner

Sydney, 23 February 2010