

ASX RELEASE

29 February 2012

Half Year Financial Report

Two Way Limited today released its financial report and accounts for the six month period ending 31 December 2011 (1H12).

The results reflect a continued improvement in the operating performance, as compared to the previous corresponding period (which had been the Company's strongest result in its history). The net result, after Research & Development tax offset, was in line with the previous corresponding period.

Key Financial Information

	1H12 \$	1H11 \$	% Change
Revenue from Ordinary Activities	728,842	863,972	Down 16%
Operating Costs	(1,489,700)	(1,629,489)	Reduced 9%
Operating Result	(760,858)	(765,517)	Improved 1%
Net Result after tax	(558,841)	(556,159)	(0.5%)
Net Result	(558,841)	(556,159)	(0.5%)

Review of Operations

The Company continued to promote and expand its TV wagering service, which is now available in all mainland States on the Foxtel and Optus platforms. Revenues however were down 14% compared to the previous corresponding period. This can be attributed to a number of factors including: unseasonably wet weather during the Spring Racing Carnival, the general downturn in the economy, and delays in receiving regulatory approval for fixed odds betting in some States.

The Way2Bet online and mobile wagering portal posted another strong performance with revenues from this service increasing by 28% on the previous corresponding period. All major online bookmakers in Australia are represented on the portal, with many of these corporate bookmaker clients recording significant win rates (resulting in increased commissions to Way2Bet). A number of initiatives to greatly increase traffic to the portal, and hence increase revenues, are currently underway.

Overall games service revenues were down 14% on 1H11. However 1H11 included backdated revenues from in-room hotel entertainment provided by Maginet for the period Jun 2007 to September 2010. Sky New Zealand games revenues fell 5.8%, with the stronger Australian dollar adversely impacting the results. Sky New Zealand continues to support and market its games service, jointly working with Two Way on a number of successful call centre campaigns.

Revenues from bespoke development work were down considerably on the prior corresponding period. 1H11 did see a number of significant one-off development projects on the Foxtel platform that were not repeated in 1H12. The nature of such bespoke development work does mean this line will fluctuate between periods.

The Company's continued focus on tight cost control saw a 9% fall in operating costs compared to the corresponding period last year. The absence of licence fees (which had previously been successfully renegotiated) was offset by increases in telecommunications, marketing and marketing-related consultancy costs, associated with the expansion of the TV wagering service.

The Company again successfully applied for a research and development grant, which was similar in size to the previous period's offset. The Company expects to qualify for the grant in future years due to the ongoing nature of our development work.

During the period under review, and as previously reported to the market, the Company was able to attract two significant cornerstone investments. On 20 September 2011, the Company announced that Mr Gerald Tan of Malaysia and his associates had agreed to invest up to \$2.04 million of expansion capital in the Company. The investment was formally approved by the Company's shareholders at its Annual General Meeting on 29 November 2011, and involves progressive investment installments between January and August 2012. On 19 December 2011, the Company announced it had entered into a share subscription agreement with Priority One Network Group ("PON") in which PON would invest a total of \$1.4 million in return for the issue of 35,029,614 fully paid ordinary shares in the Company. Full and final payment by PON is due to be settled by the end of February 2012.

These capital-raising activities led to a significant improvement in the Company's Statement of Financial Position as at 31 December 2011, compared to 30 June 2011.

Outlook

The Company will continue to broaden its already extensive range of interactive technologies into the rapidly expanding IPTV space. This was evidenced by its recent announcement of a binding agreement with LG Electronics Australia Pty Ltd, for the development and deployment of the Company's IPTV wagering applications on a range of LG's smart TVs, Blu-ray players and home theatre systems. This agreement sees the implementation of a number of exclusive deals signed by the Company with leading wagering operators, Sportingbet Australia and Betfair, to build and operate TV wagering services. The Company expects to announce further significant deals in the IPTV space in due course.

The Company is also undertaking a major overhaul and enhancement of its Way2Bet online and mobile portal, which it believes will drive significant traffic and revenue growth to the service.

The funds contributed by its new cornerstone investors will enable the Company to actively expand into the IPTV space as well as enhance its current suite of products.



For further information:

Rointon Nugara
Company Secretary
Phone: +612 9017 7000

ABOUT TWO WAY LIMITED (ASX: TTV)

Two Way creates, develops and builds advanced interactive media and gambling applications for mobile, internet, TV and IPTV platforms. Our competitive strengths include our specialised expertise, patented technology and library of interactive applications which have been deployed on all devices.

Two Way has developed an award-winning interactive TV wagering service with Tabcorp Holdings Limited (ASX:TAH) taking in New South Wales and Victoria in conjunction with FOXTEL, and seen on Sky Racing 1, Sky Racing 2 and Sky Racing World. This has now been extended to include Racing and Wagering Western Australia (RWWA) and TattsBet Limited (ASX:TTS) covering Queensland & South Australia. 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, utilising the red button on the Foxtel remote providing the latest synchronization 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, TattsBet, Centrebet, IAS Bet, Luxbet, Sportingbet, Betfair, Optus TV, LG, Samsung 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 2011

	31/12/2011 \$A	31/12/2010 \$A	Change \$A	%
Consolidated Results				
Revenue from ordinary activities	728,842	863,972	(135,130)	(16%)
Net profit (loss) from ordinary activities after tax attributable to members	(558,841)	(556,158)	(2,683)	0%
Net profit (loss) attributable to members	(558,841)	(556,158)	(2,683)	0%

Previous Corresponding Period

The comparison is to the period ending 31 December 2010

Net Tangible Assets per Security	2011	2010
Net tangible asset backing per ordinary security (cents)	0.3	0.2

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 29th February 2012 accompanying this statement.

TWO WAY LIMITED & CONTROLLED ENTITIES

ABN 28 007 424 777

Half-Year Financial Report

31 December 2011

TWO WAY LIMITED & CONTROLLED ENTITIES

Corporate Information

(as at 31 December 2011)

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 Gerald Nicholas Eng Hoe Tan (Non-Executive Director)

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

Boardroom Pty Ltd

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 2011.

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 (until 31 January 2012) then Non-Executive Director (from 1 February 2012)
Mr Christopher Roberts Grant-Foster	Non-Executive Director (retired 31 January 2012)
Mr Gerald Nicholas Eng Hoe Tan	Non-Executive Director

Review of operations

The six month period to 31 December 2011 saw the Company continue to promote and grow its flagship TV wagering service, TAB ACTIVE, which is now available in all mainland States on the Foxtel and Optus TV platforms. Two Way is the only company to offer a live betting service of any kind that links into the betting engines of multiple TABs (namely Tabcorp, TattsBet and RWWA).

The expansion of the TV wagering service in Queensland, South Australia and Western Australia during 2011 enabled a comprehensive nationwide marketing campaign to be undertaken during the Spring Racing Carnival. Despite good growth in both turnover and usage during the December quarter (as a result of the campaign), overall performance of the service for the six month period was down 14% on the previous corresponding period. A number of factors can be attributed to this including: the impact of unseasonably wet weather during the Spring Racing Carnival in NSW and Queensland; the general downturn in economic conditions impacting on levels of discretionary spend; delays in securing additional funding used for the marketing campaign; and delays in receiving regulatory approval for fixed odds betting (which continues to be the fastest growing form of betting) in Queensland and South Australia.

The Company's Way2Bet online and mobile wagering portal continued to perform strongly, with revenues increasing 28% on the previous corresponding period. All major online bookmakers in Australia are represented on the portal, resulting in increased patronage of the service. Solid win rates for many of the corporate bookmakers meant increased commissions to Way2Bet.

Games service revenues were down 14% compared to the December 2010 half year. However included in prior year period were backdated revenues from in-room hotel entertainment provided by Maginet for the period Jun 2007 to September 2010. New Zealand games revenues were down 5.8%, with the stronger Australian dollar having an impact. Sky New Zealand continues to support and market its games service, and during the period Two Way and Sky New Zealand jointly funded a number of successful call centre campaigns which saw subscriber numbers grow. Both companies will continue to work together on further marketing campaigns.

Revenues from bespoke development work were significantly down on the previous corresponding period. The nature of such work is ad hoc and therefore unpredictable. The six month period to 31 December 2010 did see a number of significant one-off development projects on the Foxtel platform that were not repeated in the current period under review.

Operating costs for the six months to 31 December 2011 declined 9% on the previous corresponding period. A key driver for the reduction was the absence of licence fees during the period under review. As reported in the 31 December 2010 Half Year Report, the Company successfully renegotiated a revised and perpetual licensing agreement with Two Way Media (UK) in 2010, in which no further licence fees would be payable. Offsetting the reduction in licence fees, were increases in telecommunications, marketing and marketing-related consultancy costs, associated with the expansion of the TV wagering service and the comprehensive Spring Racing Carnival marketing campaign.

During the period under review, and as previously reported to the market, the Company was able to attract two significant cornerstone investments. On 20 September 2011, the Company announced that Mr Gerald Tan of Malaysia and his associates had agreed to invest up to \$2.04 million of expansion capital in the Company. The investment was formally approved by the Company's shareholders at its Annual General Meeting on 29 November 2011, and involves progressive investment instalments between January and August 2012. On 19 December 2011, the Company announced it had entered into a share subscription agreement with Priority One Network Group ("PON") in which PON would invest a total of \$1.4 million in return for the issue of 35,029,614 fully paid ordinary shares in the Company. Full and final payment by PON is due to be settled by the end of February 2012.

The Company continues to broaden its already extensive range of interactive technologies into the IPTV space. This was evidenced by its recent announcement of a binding agreement with LG Electronics Australia Pty Ltd, for the development and deployment of the Company's IPTV wagering applications on a range of LG's smart TVs, Blu-ray players and home theatre systems. This agreement sees the implementation of a number of exclusive deals signed by the Company with leading wagering operators, Sportingbet Australia and Betfair, to build and operate TV wagering services. The Company expects to announce further significant deals in the IPTV space in due course.

The Company is also undertaking a major overhaul and enhancement of its Way2Bet online and mobile portal, which it believes will drive significant traffic and revenue growth to the service.

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 2011 report.

Signed in accordance with a resolution of the Directors:



Mr S. J. McGregor
Director

Dated 29 February 2012

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF TWO WAY LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2011, there have been:

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

William Buck

William Buck
Chartered Accountants
ABN 16 021 300 521

L.E. Tutt

L.E. Tutt
Partner
Sydney, 29th day of February, 2012

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Statement of Comprehensive Income
Half-Year ended 31 December 2011

	Economic Entity	
	31/12/2011	31/12/2010
	\$	\$
Revenue	728,842	863,972
Employee benefits expense	800,295	809,726
Depreciation and amortisation	12,761	15,624
Professional and consulting fees	118,143	97,364
Travel	12,577	12,254
Licence fees	0	279,509
Administration expenses	72,062	89,637
Telecommunication costs	226,084	214,223
Marketing costs	180,313	46,816
Other expenses from ordinary activities	67,464	64,335
	<hr/>	<hr/>
Loss before income tax	(760,858)	(765,517)
Income tax (expense)/credit	-	2,070
Research & development tax offset	202,016	207,289
Loss for the period after income tax attributable to the parent	(558,841)	(556,158)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive loss for the period attributable to the parent	(558,841)	(556,158)
	<hr/> <hr/>	<hr/> <hr/>
Basic earnings per share (cents per share)	-0.26	-0.36
Diluted earnings per share (cents per share)	-0.26	-0.36

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

Statement of Financial Position As at 31 December 2011

		Economic Entity	
	Note	31/12/2011 \$	30/06/2011 \$
Current Assets			
Cash and cash equivalents		359,266	234,588
Trade & other receivables	2	307,430	137,384
Other financial assets	2	401,184	-
Other		49,004	38,794
Total Current Assets		1,116,884	410,766
Non-Current Assets			
Plant & equipment		11,574	24,336
Total Non-Current Assets		11,574	24,336
Total Assets		1,128,459	435,102
Current Liabilities			
Payables		128,473	150,243
Provisions		244,108	220,031
Total Current Liabilities		372,582	370,274
Non-Current Liabilities			
Provisions		45,279	41,600
Total Non-Current Liabilities		45,279	41,600
Total Liabilities		417,860	411,874
Net Assets		710,598	23,228
Equity			
Contributed equity	3	49,989,953	48,743,742
Reserves		47,832	51,000
Accumulated losses		(49,327,186)	(48,771,514)
Total Equity		710,598	23,228

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

Statement of Changes in Equity Half-Year ended 31 December 2011

Economic Entity	Note	Contributed Equity \$	Unissued Shares Reserve \$	Retained Profits \$	Share Issue Expense Reserve \$	Employee Options Reserve \$	Total \$
Balance at 1.7.2010		56,142,801	-	(47,780,948)	(7,922,366)	81,402	520,889
Shares issued		565,039	-	-	-	-	565,039
Total comprehensive profit/(loss) for the half-year		-	-	(556,159)	-	-	(556,159)
Employee share options issued		-	-	-	-	8,347	8,347
Share issue expense		-	-	-	(37,094)	-	(37,094)
Balance at 31.12.2010		<u>56,707,840</u>	<u>-</u>	<u>(48,337,107)</u>	<u>(7,959,460)</u>	<u>89,749</u>	<u>501,022</u>
Balance at 1.7.2011		56,707,840	-	(48,771,514)	(7,964,098)	51,000	23,228
Shares issued		582,500	-	-	-	-	582,500
Partial share subscription	2	-	751,184	-	-	-	751,184
Total comprehensive profit/(loss) for the half-year		-	-	(558,841)	-	-	(558,841)
Employee share options issued		-	-	-	-	-	-
Employee share options lapsed/cancelled		-	-	3,168	-	(3,168)	-
Share issue expense		-	-	-	(87,473)	-	(87,473)
Balance at 31.12.2011		<u>57,290,340</u>	<u>751,184</u>	<u>(49,327,187)</u>	<u>(8,051,571)</u>	<u>47,832</u>	<u>710,598</u>

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

Statement of Cash Flows
Half-Year ended 31 December 2011

	Economic Entity	
	31/12/2011	31/12/2010
	\$	\$
Cash Flows from Operating Activities		
Receipts from customers	760,693	880,519
Payments to suppliers and employees	(1,519,219)	(1,619,157)
Research & development tax offset	202,016	207,289
Interest received	8,326	13,965
Net cash provided by / (used in) operating activities	(548,184)	(517,384)
Cash Flows from Investing Activities		
Purchase of plant and equipment	-	(1,824)
Net cash provided by / (used in) investing activities	-	(1,824)
Cash Flows from Financing Activities		
Proceeds from share issue	764,980	565,039
Share issue expenses	(92,118)	(25,053)
Net cash provided by / (used in) financing activities	672,862	539,986
Net increase/(decrease) in cash & cash equivalents held	124,678	20,778
Cash and cash equivalents at beginning of period	234,588	742,581
Cash and cash equivalents at end of period	359,266	763,359

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 2011

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 2011 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, Accounting 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.

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 2011 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 23 February 2012.

Going Concern

For the half-year ended 31 December 2011, the consolidated entity incurred a loss of \$558,841, which is largely in line with the prior period (2010: loss of \$556,159). Net cash outflows from operating activities for the period were \$548,184, up from \$517,384 for the prior period; whilst cash at bank and on hand was \$359,266 (2010: \$763,359). There remains uncertainty regarding the consolidated entity’s ability to continue as a going concern. As such, and under the requirements of Australian Accounting Standards, the Directors have reviewed whether the consolidated entity can continue to operate as a going concern by preparing cash flow projections and assessing the consolidated 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, and having regard to projected cash inflows from recent capital-raising activities, the Directors believe that the consolidated entity is in a stronger position than it was a year ago and indeed, six months ago.

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

- Continued growth of the Company’s TV wagering service, which is now operational in all five mainland states;
- Strong growth of the Company’s Way2Bet odds comparison portal, with further enhancements planned to dramatically increase traffic and revenues to the site;
- Successful development and deployment of sports betting applications on new platforms such as Smart TVs;

TWO WAY LIMITED & CONTROLLED ENTITIES

- Continued focus on costs containment in the current period, together with the flow on effect of significant cost savings achieved in prior years (such as elimination of all licence fees from January 2011); and
- Substantial cash injections flowing from the legally binding share subscription agreement with Main Ace Investment Limited in late 2011, providing the Company with working capital of \$1,200,000. Of this \$1,200,000, \$300,000 was received prior to 31 December 2011, \$150,000 was received in January 2012, and a further \$100,000 was received in February 2012.
- The Company has also entered into a legally binding subscription agreement with Priority One Network providing access to working capital of \$1,000,000, of which \$150,000 was received prior to 31 December 2011.

Based on the above factors, the Directors believe the consolidated entity would also 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.

Note 2: Capital Raising Activities

On 19 December 2011, the Company entered into a Share Subscription Agreement with Priority One Network Group (PON). Tranche 1 of the Agreement contained the following terms:

- The Company is to issue 10,092,614 TTV shares to PON;
- PON is to issue 1,337,281 PON shares to the Company; and
- PON is required to pay the Company \$300,000.

As at 31 December 2011, PON has paid \$150,000 with the remaining \$150,000 recognised as part of trade and other receivables. The terms of payment for this amount were renegotiated and payment is now due by the end of February 2012.

As at 31 December 2011, the TTV shares had not been issued (as full payment of the \$300,000 had not been received) however the value of the shares has been recognised in an equity reserve pending the receipt of the \$150,000 now expected by the end of February 2012.

The 1,337,281 PON shares issued to the Company have been recognised at their fair value of \$0.30 per share as determined by an independent expert valuation.

The TTV and PON shares are subject to mutual escrow pending PON's successful application for listing on the Australian Securities Exchange by 31 March 2012 (or such later time as agreed by both parties). Should PON's application be unsuccessful, at the request of either party the relevant shares must be returned.

TWO WAY LIMITED & CONTROLLED ENTITIES

Note 3: Contributed Equity

	Number
Balance at 30 June 2011	209,921,004
Fully paid ordinary shares issued during the period	
2 August 2011 - issue price: 3 cents per share, funds raised \$315,000	10,500,000
27 September 2011 - issue price: 2 cents per share, funds raised \$250,000	12,500,000
6 December 2011 - issue price: 2.87 cents per share, funds raised \$17,500	609,756
Balance at 31 December 2011	<u>233,530,760</u>

Note 4: Operating Segments

The Group has determined that it has a single operating segment in a single geographic region, being the development and deployment of advanced interactive media and gambling applications, in Australia and New Zealand. The determination of a single operating segment is based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers or CODMs) in assessing performance and determining the allocation of resources.

Note 5: Contingent Liabilities and Contingent Assets

At the end of the reporting period the Directors were not aware of any contingent liabilities or contingent assets.

Note 6: Subsequent Events

On 17 January 2012, the Company announced that its Managing Director, Ben Reichel had informed the Board that he wishes to move on to the next phase of his career. Mr Reichel will remain on the Board a non-executive Director.
Mr Chris Grant-Foster was appointed Chief Executive Officer and Director Sales & Marketing, with effect from 1 February 2012.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes as set out on pages 6 – 12 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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 on 23 February 2012.



Mr Stuart McGregor
Chairman
29 February 2012

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TWO WAY LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Two Way Limited, which comprises the consolidated condensed statement of financial position as at 31 December 2011, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a 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 2011 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.

Sydney
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Adelaide
Auckland

Independence

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

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TWO WAY LIMITED AND CONTROLLED ENTITIES (CONT)

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 2011 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Emphasis of Matter – Material Uncertainty Regarding Continuation as a Going Concern

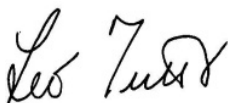
Without qualifying our conclusion above, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of \$558,841 (2010: loss \$556,159) during the half year ended 31 December 2011 and a net cash outflow from operating activities of \$548,184 (2010: \$517,384). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report

This auditor's review report relates to the half year financial report of Two Way Limited for the half year ended 31 December 2011 included on Two Way Limited's web site. The company's directors are responsible for the integrity of the Two Way Limited web site. We have not been engaged to report on the integrity of the Two Way Limited web site. The auditor's review report refers only to the half year financial report. 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 reviewed half year financial report to confirm the information included in the reviewed financial report presented on this web site.

A handwritten signature in black ink that reads 'William Buck'.

William Buck
Chartered Accountants
ABN 16 021 300 521

A handwritten signature in black ink that reads 'L.E. Tutt'.

L.E. Tutt
Partner

Sydney, 29th day of February, 2012