ASX: TTV

ASX RELEASE

27 February 2009

Half Year Financial Report

Two Way Limited today released its financial report and accounts for the six month period ending 31 December 2008 (1H09). Actual results are unchanged from the preliminary results announced on 17 February 2009.

Key Financial Information

Operating revenue for the period was $703,120, a 30% increase on the comparable figure for the previous corresponding period (1H08: $540,392). This was driven by growth in the Company's flagship TV wagering service, together with strong growth in its Way2Bet online and mobile portal.

Interest revenue for the period was $34,166, which was substantially below the figure for the previous corresponding period (1H08: $134,959) as a result of the Company's reduced cash holdings.

Total revenue from ordinary activities for the period was $737,286, representing a 9% increase on the previous corresponding period (1H08: $675,351).

Total expenses, excluding depreciation and amortisation (discussed below), were $1,538,070. This was a 50% improvement on the previous corresponding period (1H08: $3,079,135). This reflects a downward trend as the Company continues to implement effective and long term cost saving initiatives. Of particular note were savings in licence fees, as a result of successful negotiations to either terminate or significantly reduce these fees. Staff cost savings also continue to be made; as do travel, administration and external consultants' costs. Marketing and telecommunication costs have increased as expected, in line with the launch and growth of the TV wagering service in Victoria and NSW.

Total depreciation and amortisation expense was $616,312. The majority of this ($559,998) related to the progressive amortisation of the upfront wagering fee (totaling $5.6m) paid in June and December 2007. The upfront fee is amortised on a straight line basis over the five year life of the contract, commencing from the launch of the TV wagering service in Victoria on 28 April 2008.

Apart from this significant amortisation expense, total D&A was $56,315, which represents a 48% improvement on the previous corresponding period (1H08: $107,531). The reduction was due to the Board's conservative approach of ceasing to capitalise all development expenses, as noted in the FY08 full year results announcement.

There were no abnormal items during the half year to 31 December 2008.

The net loss for the period was ($1,417,096), which is an improvement of 44% on the previous corresponding period (1H08: ($2,511,315)).

The Company's cash balance at 31 December 2008 was $562,408, a substantial improvement on the previous corresponding period (1H08: $185,602).

Operational Highlights

The Company's principal focus in the six month period to 31 December 2008 was to continue to grow its TV wagering service. Specifically, the major event during the half year was the successful launch of the service in NSW in October 2007. The Company then initiated the first major marketing campaign to promote the service during the Spring Racing 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 implement its plan to roll out the service across Australia, including regional centres and country areas. The recent signing of a non-binding Memorandum of Understanding to expand the TV wagering service to Queensland and South Australia, subject to regulatory approval, reflects this aim. The parties to the MOU are Two Way, UNiTAB Limited (the operator of the TAB wagering business in Queensland, South Australia and the Northern Territory), FOXTEL and Sky Channel Pty Ltd.

In November 2008, the Company was granted an Australian innovation patent for its TV wagering technology.

During the reporting period, the Company also continued to promote its Way2Bet online and mobile wagering portal. Revenues from this service during 1H09 increased by 125% over the previous corresponding period. All major online bookmakers in Australia are represented on the portal.

Rights Issue

As disclosed earlier today, the Company announced that it would seek to raise approximately $1.09 million in new equity via a 1-for-2 non-renounceable, fully underwritten rights issue to existing, eligible shareholders. The offer price is $0.02 per share and is fully underwritten by Bell Potter Securities. E.L. & C. Baillieu Stockbroking Limited has taken a major sub-underwriting position. The proceeds of the rights issue is to be used for general working capital purposes.

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 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

Consolidated Income Statement
Half Year Ended 31 December 2008

Summary Results

	31/12/2008 $A	31/12/2007 $A	Change $A	%
Consolidated Results				
Revenue from ordinary activities	737,286	675,351	61,934	9%
Net pofit (loss) from ordinary activities after tax attributable to members	(1,417,096)	(2,511,315)	1,094,218	(44%)
Net profit (loss) attributable to members	(1,417,096)	(2,511,315)	1,094,218	(44%)

Previous Corresponding Period

The comparison is to the period ending 31 December 2006

Net Tangible Assets per Security	**2008**	**2007**
Net tangible asset backing per ordinary security (cents)	4.8	8.2

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 27th February 2009 accompanying this statement.

TWO WAY LIMITED & CONTROLLED ENTITIES

ABN 28 007 424 777

Half-Year Financial Report

31 December 2008

Corporate Information
(as at 31 December 2008)

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)

Company Secretary
Mr Rointon Nugara

Registered Office
Suite 2.05
55 Miller Street
Pyrmont NSW 2009

Principal Place of Business
Suite 2.05
55 Miller Street
Pyrmont NSW 2009

Bankers
Bankwest

Share Register
Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Auditors
William Buck Chartered Accountants

Contents

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 2008.

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 Connelly	Non-Executive Director

Review of operations

The Company's principal focus in the six month period to 31 December 2008 was to continue to grow its TV wagering service. Specifically, the major event during the half year was the successful launch of the service in NSW in October 2008. The Company then initiated the first major marketing campaign to promote the service during the Spring Racing 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 implement its plan to roll out the service across Australia, including regional centres and country areas. The recent signing of a non-binding Memorandum of Understanding to expand the TV wagering service to Queensland and South Australia, subject to regulatory approval, reflects this aim. The parties to the MOU are Two Way, UNiTAB Limited (the operator of the TAB wagering business in Queensland, South Australia and the Northern Territory), FOXTEL and Sky Channel Pty Ltd.

In November 2008, the Company was granted an Australian innovation patent for its TV wagering technology.

During the reporting period, the Company also continued to promote its Way2Bet online and mobile wagering portal. Revenues from this service increased by 125% over the previous corresponding period. All major online bookmakers in Australia are represented on the portal.

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 2008 report.

Signed in accordance with a resolution of the Directors:

Mr S. J. McGregor
Director

Dated 27th February 2009

William Buck
Business Advisors
Chartered Accountants

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 2008, 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, 27 February 2009

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Consolidated Income Statement
Half-Year ended 31 December 2008

	Economic Entity	
	31/12/2008	31/12/2007
	$	$
Revenue	737,286	675,351
Gross Profit	737,286	675,351
Employee benefits expense	949,909	1,203,927
Depreciation and amortisation	616,312	107,531
Professional and consulting fees	31,296	308,455
Travel	14,452	27,808
Licence fees	137,064	509,727
Administration expenses	86,527	198,136
Telecommunication costs	155,227	46,877
Marketing costs	115,516	11,402
Borrowing costs	-	-
Other expenses from ordinary activites	48,079	64,986
Loss on sale of deposits at call	-	357,818
Impairment loss on investment	-	350,000
Loss before tax	(1,417,096)	(2,511,315)
Income tax expense	-	-
Net Loss	(1,417,096)	(2,511,315)
Basic earnings per share (cents per share)	-1.30	-2.79
Diluted earnings per share (cents per share)	-1.30	-2.79

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

Consolidated Balance Sheet
As at 31 December 2008

	Economic Entity	
	31.12.2008 $	30.06.2008 $
Current Assets		
Cash	562,408	1,540,339
Trade & other receivables	217,641	137,218
Other	89,211	54,029
Total Current Assets	869,260	1,731,586
Non-Current Assets		
Plant & equipment	179,442	235,138
Other - prepaid wagering fee	4,853,336	5,413,333
Total Non-Current Assets	5,032,778	5,648,471
Total Assets	5,902,038	7,380,057
Current Liabilities		
Payables	450,394	530,596
Provisions	166,853	136,507
Total Current Liabilities	617,247	667,103
Non-Current Liabilities		
Provisions	36,235	27,193
Total Non-Current Liabilities	36,235	27,193
Total Liabilities	653,482	694,296
Net Assets	5,248,556	6,685,761
Equity		
Contributed equity	46,220,607	46,220,607
Reserves	89,401	109,510
Accumulated losses	(41,061,452)	(39,644,356)
Total Equity	5,248,556	6,685,761

The Consolidated Balance Sheet is to be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity
Half-Year ended 31 December 2008

	Contributed Equity $	Retained Profits $	Share Issue Expense Reserve $	Employee Options Reserve $	Total $
Balance at 1.7.2007	52,908,875	(35,059,180)	(7,674,698)	602,762	10,777,759
Profit/(loss) attributable to members of parent entity	-	(2,511,315)	-	-	(2,511,315)
Employee share options issued	-	-	-	(100,805)	(100,805)
Balance at 31.12.2007	52,908,875	(37,570,495)	(7,674,698)	501,957	8,165,639
Balance at 1.7.2008	53,958,950	(39,644,356)	(7,738,343)	109,510	6,685,761
Profit/(loss) attributable to members of parent entity	-	(1,417,096)	-	-	(1,417,096)
Employee share options issued	-	-	-	(20,109)	(20,109)
Balance at 31.12.2008	53,958,950	(41,061,452)	(7,738,343)	89,401	5,248,556

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

Consolidated Cash Flow Statement
Half-Year ended 31 December 2008

	Economic Entity	
	31.12.2008 $	31.12.2007 $
Cash Flows from Operating Activities		
Receipts from customers	658,249	513,579
Payments to suppliers and employees	(1,676,355)	(2,894,274)
Upfront Wagering fee	-	(2,800,000)
Interest received	40,761	143,547
Net cash provided by (used in) operating activities	(977,345)	(5,037,148)
Cash Flows from Investing Activities		
Purchase of plant and equipment	(586)	(180,770)
Short term investment (reclassification) [a]	-	(6,000,000)
Proceeds from realisation of short term investments	-	3,642,181
Cash paid for non-current assets	-	(20,049)
Net cash provided by (used in) investing activities	(586)	(2,558,638)
Cash Flows from Financing Activities		
Proceeds from borrowings	-	427,631
Net increase (decrease) in cash held	(977,931)	(7,168,155)
Cash at 1 July	1,540,339	7,353,757
Cash at 31 December	562,408	185,602

(a) The 31 December 2007 closing cash balance reflects the reclassification of the Company's Floating Rate Note (FRN) investments from cash or cash equivalent, to short term investments.

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

Notes to the Half-Year Financial Statements
31 December 2008

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 2008 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 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 2008 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 26th February 2009.

Going Concern

The Consolidated entity incurred a loss of $1,417,096 for the 6 months to 31 December 2008.

Notwithstanding this, the Directors believe that the consolidated entity will be able to generate sufficient revenue and/or access sufficient sources of funds where needed and, accordingly, have prepared the half year financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the half year financial report at 31 December 2008.

Accordingly, no adjustments have been made to the half year financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities.

The Directors believe this basis continues to be appropriate given the following:

- the recent announcement of a non-renounceable, fully underwritten rights issue to existing eligible shareholders, to raise approximately $1.09 million to fund working capital;
- the successful launch of the Company's TV wagering service in Victoria and NSW, and the continued focus to expand the service throughout Australia on a best endeavours basis, and in due course to deploy the technology overseas;
- there being no further upfront fees to be paid with regard to further deployment of the TV wagering service;
- ongoing savings accrued from the restructure or termination of licence agreements with third parties; and
- continued costs savings in staff costs and other overhead and discretionary lines.

Note 1: Significant Accounting Policies (con't)

Apart from that noted below, the accounting policies applied in preparing the financial statements for the half-year ended 31 December 2008, 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 2008.

Prepaid wagering fee

The Company commenced to progressively write off the prepaid wagering fee upon the commercial launch of the Sky Racing Active service 28 April 2008. The fee is amortised straight line over the term of the Sky Racing Active agreement, which expires in April 2013. The fee, which was disclosed as cost of sales in the June 2008 annual report, has been reclassified to amortisation expense in the half year to 31 December 2008 income statement. The impact of this change on the comparative balances is an increase in retained losses of $169,995 at 30 June 2008.

Note 2: Segment Reporting

i. *Primary Reporting – Business Segments*

The economic entity operates in a single business segment, being the management and development of interactive applications.

ii. *Secondary Reporting – Geographical Segments*

The economic entity operates in a single geographic segment, being Australia.

Note 3: Subsequent Events

In February 2009, the Company announced that it would seek to raise $1.09 million in new equity via a 1-for-2 non-renounceable, fully underwritten rights issue to its existing shareholders. The proceeds from the rights issue is to be used for general working capital purposes, including the continued roll out of the Company's TV wagering service across Australia. The offer price is 2c per share and is underwritten by Bell Potter Securities. E.L & C. Baillieu Stockbroking has taken a major sub-underwriting position.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes as set out on pages 6 - 11:

(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 2008 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 27th day of February 2009

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Two Way Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Two Way Limited, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement, selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing 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.

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 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 company's financial position as at 31 December 2008 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*.

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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 2008 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, attention is drawn to the following matter. The matters described in Note 1 in the half year financial report indicate that further working capital may be required within the next 12 months if revenues from the company's TV Wagering Service are insufficient to meet the company's working capital requirements. Accordingly, there exists material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half year financial report.

William Buck
Chartered Accountants

Neil Esho
Partner
Sydney, 27 February 2009