



ASX: TTV

ASX RELEASE

31 October 2006

Cash Flow Statement and Investor Update

Two Way lodges the attached Appendix 4C cash flow statement for the quarter ending September 2006.

Key financial details include:

Receipts from customers	\$265,000
Interest and other items	\$210,000
Total operating cash flow	(\$1,280,000)
Cash on hand	\$13,999,000

Major developments since the last quarterly report include:

- At the Annual General Meeting on Friday 27 October 2006, shareholders voted to change the name of the company from "Two Way TV Australia Limited" to "Two Way Limited". The new name more accurately reflects the company's operational focus, which is not confined either to TV or to Australia.
- A new Corporate Overview was produced refining the Company's strategic and operational focus. This document was primarily produced for the purpose of investor relations, however clearly defining the Company's direction has generated broader benefits across all stakeholder groups.
- Two Way acquired the exclusive global rights to develop and sell the PC download version of one of the world's fastest-growing and highest-profile casual games, Tringo.
- An agreement was signed to provide interactive games to leading hotel in-room technology and entertainment provider, MagiNet.
- Two Way's interactive games will also be available on the Global Broadband TV service operated by M2B Game World.



For further information:

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ABOUT TWO WAY LIMITED (ASX: TTV)

Two Way's strategic focus is to be the interactive partner of choice in Asia Pacific, providing content, applications and services across three key verticals:

- Wagering and Gambling
- Casual Games
- Mobile to TV Applications

Through its exclusive license agreements with Two Way Media Ltd (UK) and Zone4Play Inc (US), Two Way has access to the world's largest library of interactive TV applications, as well as leading-edge mobile and gambling applications.

Two Way's products and services reach a potential audience of 162 million people across seven countries, via distribution agreements with leading media groups including Foxtel, Austar, Sky New Zealand, Sky News Australia, STAR, PCCW, and MagiNet.



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 TV AUSTRALIA LIMITED

ABN

28 007 424 777

Quarter ended ("current quarter")

30 SEPTEMBER 2006

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	265	265
1.2 Payments for (a) staff costs	(1,028)	(1,028)
(b) advertising and marketing		
(c) research and development		
(d) leased assets	(1)	(1)
(e) other working capital		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	210	210
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Licence Fees	(363)	(363)
Other - Consultants' Fees	(49)	(49)
Other – Rental Costs	(141)	(141)
Other Expenses	(173)	(173)
Net operating cash flows	(1,280)	(1,280)

+ 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)	(1,280)	(1,280)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(37)	(37)
(e) other non-current assets		
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		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	(37)	(37)
1.14 Total operating and investing cash flows	(1,317)	(1,317)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
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 (provide details if material)		
Net financing cash flows	0	0
Net increase (decrease) in cash held	(1,317)	(1,317)
1.21 Cash at beginning of quarter/year to date	15,316	15,316
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	13,999	13,999

+ 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	134
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 \$97,000; and payments to an executive director (including PAYG tax, superannuation and a motor vehicle under novated lease).

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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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	N/A	
3.2	Credit standby arrangements	N/A	

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Appendix 4C
Quarterly report for entities
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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	165	299
4.2	Deposits at call	13,834	15,017
4.3	Bank overdraft	0	0
4.4	Other (provide details)	0	0
Total: cash at end of quarter (item 1.22)		13,999	15,316

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	

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: ..31 October 2006....
 (Company Secretary)

Print name: Ben Reichel

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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