Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

ADULTSHOP.COM LIMITED

ABN

92 009 147 924

Quarter ended ("current quarter")

31 MARCH 2004

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from customers		9,887	31,661
1.2	Payments for	(a) staff costs	(1,923)	(5,633)
		(b) advertising and marketing	(899)	(2,231)
		(c) research and development	0	0
		(d) leased assets	(24)	(45)
		(e) other working capital	(5,766)	(19,214)
1.3	Dividends received		0	0
1.4	Interest and other items of a similar nature received		173	451
1.5	Interest and other costs of finance paid		0	0
1.6	Income taxes paid		(98)	(313)
1.7	Other (provide details if material)		0	0
	Net operating cash flows		**1,350**	**4,676**

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (9 months) $A'000
1.8	Net operating cash flows (carried forward)	**1,350**	**4,676**
	Cash flows related to investing activities		
1.9	Payment for acquisition of: (a) businesses	0	0
	(b) equity investments	0	0
	(c) intellectual property	(260)	(874)
	(d) physical non-current assets	(452)	(1,579)
	(e) other non-current assets	0	0
1.10	Proceeds from disposal of: (a) businesses (item 5)	0	0
	(b) equity investments	0	0
	(c) intellectual property	0	
	(d) physical non-current assets	70	200
	(e) other non-current assets	0	0
1.11	Loans to other entities	0	0
1.12	Loans repaid by other entities	14	44
1.13	Other – Security Deposits ***	0	(405)
	Net investing cash flows	**(628)**	**(2,614)**
1.14	**Total operating and investing cash flows**	**722**	**2,062**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	1	1
1.16	Proceeds from sale of forfeited shares	0	0
1.17	Proceeds from borrowings	0	0
1.18	Repayment of borrowings	0	0
1.19	Dividends paid	0	0
1.20	Other (provide details if material)	0	0
	Net financing cash flows	**1**	**1**
	Net increase (decrease) in cash held	**723**	**2,063**
1.21	Cash at beginning of quarter/year to date	13,752	12,465
1.22	Exchange rate adjustments to item 1.21	(10)	(63)
1.23	**Cash at end of quarter**	**14,465**	**14,465**

** Following an assessment of the Company's bank accounts, deposits with certain restrictions on their day to day use have been reclassified as security deposits. These security deposits are in the Company's name and earn interest at term deposit rates

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	146
1.25	Aggregate amount of loans to the parties included in item 1.11	0

1.26 Explanation necessary for an understanding of the transactions

Item 1.24 Fees and remuneration paid to executive and non-executive directors.

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

Not applicable

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

Not applicable.

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	0	0
3.2	Credit standby arrangements	500	0

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	1,225	1,706
4.2	Deposits at call	13,240	12,046
4.3	Bank overdraft		0
4.4	Other (Exchange Rate Adjustments)		0
	Total: cash at end of quarter (item 1.23)	14,465	13,752

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for Acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

+ See chapter 19 for defined terms.

Note 1: Net Operating Cash Flows

The Company has continued the positive cash flow generation in the current quarter.

As at 31 March 2004, the Company had cash reserves of $14,465,000. In addition to these cash reserves, the Company has $405,000 held as Security Deposits, which are held in the Company's name and earn interest at term deposit rates

A quarterly breakdown of cash flows is provided below to better illustrate the performance for the year as a whole.

QUARTER	NET OPERATING CASH FLOWS $'000	NET INVESTING AND FINANCING CASH FLOWS $'000	TOTAL OPERATING AND INVESTING CASH FLOWS $'000
SEPTEMBER 2003	1,531	(882)	649
DECEMBER 2003	1,795	(1,104)	691
MARCH 2004	1,350	(627)	723
	4,676	**(2,613)**	**2,063**

During the current quarter the Company has invested approximately $300,000 into its wholesale operation, Calvista Australia Pty Ltd (Calvista) and the retail division. The Company has continued to modify and further improve the new computer system, enabling greater efficiencies to be realised in the future with regards to stock control.

Note 2: Corporate Update

The Company has announced a bonus issue of options to all shareholders on the basis of one new option for every two shares held as at the record date of Friday, May 14 2004. The options, which will form a new class of securities listed on the ASX, will be issued free of charge and will be exercisable (each option having the right to subscribe for one ordinary share) at 10 cents each on or before 30 June 2006.

For key dates relating to the issue, please refer to the ASX announcement on 5 April 2004.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law (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: (Director) Date: 13 April 2004

Print name: Malcolm Day

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* applies 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.