3 December 2009

Company Announcements Office
Australian Securities Exchange

Dear Sir or Madam

Sexyland Australia Pty Ltd takeover offer for AdultShop.com Ltd (ASX: ASC)

A bidder's statement was lodged with ASIC on 6 November 2009 in relation to Sexyland Australia Pty Ltd's (**Sexyland**) off-market takeover offer for all of the issued options in AdultShop.com Limited.

On behalf of Sexyland, please now find enclosed a marked up and clean copy of Sexyland's replacement bidder's statement in accordance with ASIC Class Order 00/344.

The replacement bidder's statement has been lodged with the Australian Securities & Investments Commission today.

Yours faithfully

For and on behalf of Sexyland Australia Pty Ltd

BIDDER'S STATEMENT

CASH OFFER

BY

SEXYLAND AUSTRALIA PTY LTD ACN 099 522 933

('SEXYLAND')

to acquire all your options in

ADULTSHOP.COM LIMITED ACN 009 147 924 ('ASC')

Sexyland is offering $0.0006 for each option in ASC.

The Offer is dated 7 December 2009 and expires at 5.00pm (Perth time) on 28 January 2010, unless withdrawn or extended.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to how to deal with this document or the Offer contained in it, please consult your financial or other professional adviser.

If you have any questions about the Offer or this document call the 'Sexyland Offer Information Line' on 1300 733 145 (local call cost) from within Australia or +612 8256 3362 (normal call charges apply) from outside Australia.

CORPORATE ADVISER TO SEXYLAND

HARBURY CAPITAL

Bidder's statement

Important information		**5**
Letter from Sexyland Australia Pty Limited		**7**
Summary of the Offer and how to accept		**10**
Reasons why you should accept the Offer		**13**
1.	Summary	13
2.	Price: Offer represents an attractive premium	14
3.	You will receive cash	17
4.	Illiquidity: the Offer provides an opportunity to exit your investment in an illiquid stock	18
5.	The historic trading performance of ASC has been poor	19
6.	Uncertain strategic direction and future of ASC	20
Part 1 - Statutory information		**21**
1.	Introduction to Sexyland	21
2.	Sexyland's interest in ASC Options	21
3.	Dealings in ASC Options	22
4.	How cash consideration will be provided	22
5.	Sexyland's intentions regarding ASC's businesses, assets and employees	23
6.	Australian tax considerations	26
7.	Other material information	28
Part 2 - Terms of the Offer		**30**
1.	Offer	30
2.	Price	31~~31~~
3.	Offer period	32
4.	How to accept	32
5.	Application of this Offer	34~~34~~
6.	Effect of acceptance	34
7.	Dividends and other entitlements	36
8.	Conditions of the Offer	36
9.	Withdrawal	38
10.	Variation	38
11.	Costs	39
12.	Notices	39
Part 3 - Glossary and interpretation		**40**
1.	Glossary	40
2.	Interpretation	41
3.	Headings	42
Corporate Directory		**43**

Important information

Important dates

Original bidder's statement lodged with ASIC	6 November 2009
This replacement bidder's statement lodged with ASIC	3 December 2009
Date of this bidder's statement	3 December 2009
Record Date	9 November 2009
Date Offer is made	7 December 2009
Offer ends, unless extended or withdrawn	5.00pm (Perth time) on 28 January 2010

Defined terms

Defined terms are used in this document. A glossary is set out in Part 3 of this document.

Investment decisions

This document does not take into account the individual investment objectives, financial situation or particular needs of any specific ASC Optionholder or any other person.

ASC Optionholders are encouraged to seek independent financial and taxation advice before deciding whether to accept the Offer.

Forward looking statements

This bidder's statement may include certain forward looking statements that have been based on current expectations about future events. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward looking statements. These factors may include matters not yet known to Sexyland or not currently considered by it to be material.

Disclaimer as to ASC information

The information on ASC and ASC's securities contained in this bidder's statement has been prepared by Sexyland using publicly available information. Information in this bidder's statement concerning ASC's business has not been independently verified by Sexyland. Accordingly Sexyland does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

Further information relating to ASC's business may be included in ASC's Target's Statement which ASC must provide to ASC Optionholders in response to this bidder's statement.

Privacy statement

Sexyland will collect personal information about ASC Optionholders' holdings of ASC Options in accordance with the Corporations Act. Sexyland will share that personal information with its advisers and service providers only to the extent necessary for purposes relating to the Offer. ASC Optionholders can contact ASC's share registry, Advanced Share Registry Services, on (08) 9389 8033, if they have questions about their personal information.

No internet site is part of this bidder's statement

Sexyland maintains an internet site at www.sexyland.com.au. Information contained in or otherwise accessible through this internet site is not a part of this bidder's statement. Any references in this bidder's statement to the internet site are textual references for your information only.

Bidder's statement

This document is a bidder's statement dated 3 December 2009. It includes an Offer dated 7 December2009. It replaces the original bidder's statement lodged with ASIC on 6 November 2009.

A copy of this bidder's statement was lodged with ASIC on 3 December 2009. ASIC and ASX take no responsibility for the content of this bidder's statement.

Letter from Sexyland Australia Pty Limited

6 November 2009

Dear ASC Optionholder

I am pleased to enclose the all cash offer made by Sexyland Australia Pty Ltd (**Sexyland**) to acquire all of your options in Adultshop.com Limited (**ASC**) at a price of $0.0006 (0.06 cents) per option (**Offer**).

The Offer represents an attractive price for ASC Optionholders to realise their Options.

In conjunction with the Offer, Sexyland has also made a takeover offer for all of the shares in ASC at an offer price of $0.0084 per share, which represents a premium of approximately 40% to the volume weighted average price (**VWAP**) of ASC Shares for the period of approximately 9 months from 1 January 2009 and 6 October 2009 (being the day before Sexyland announced its intention to make the Offer).

The Offer constitutes a premium to recent measures of ASC's market capitalisation:

ASC market capitalisation	Sexyland Offer	Premium (%)
$2.3 million * (based on 60 day VWAP)	$4 million *	73.9
$3.1 million * (as at 7 October 2009)	$4 million *	29.0

* These figures do not include the $1.2 million raised pursuant to ASC's recent non-renounceable entitlement issue.

Who is Sexyland?

Sexyland is an Australian company that is privately owned. Sexyland owns and operates a Melbourne-based chain of female-friendly adult department stores that seeks to provide a place where women, men, couples and friends can shop together in a relaxed and professional environment. Further information about Sexyland's business can be found on its website at www.sexyland.com.au.

About the Offer

Sexyland is offering to purchase your ASC Options at a price of $0.0006 per option in cash.

The ASC Options fall into four separate classes and each class will be the subject of a separate offer by Sexyland – but all offers will be priced at $0.0006 per ASC Option. Sexyland also has made a separate offer to ASC Shareholders to acquire all ASC Shares for an offer price of $0.0084 per share.

Sexyland's Offer is conditional on the receipt of acceptances that will result in Sexyland and its associates having a relevant interest in at least 50.1% of all issued ASC Shares and at least 50.1% of all issued ASC Options. The minimum acceptance condition that relates to the ASC Options is 50.1% of all of those options in total – it is not determined by reference to each class of the ASC Options.

Other conditions of the Offer are summarised in the next section of this bidder's statement titled 'Summary of the Offer and how to accept' and are set out in full in clause 8.1 of Part 2 of this bidder's statement.

Reasons why you should accept the Offer

Sexyland believes that there are a number of reasons why you should accept our Offer.

Sexyland's Offer Price represents an attractive price for your options

Our Offer provides ASC Optionholders with an opportunity to realise their ASC Options at an attractive price. Our Offer also allows ASC Shareholders to realise an illiquid investment quickly and easily for cash.

The Offer provides an opportunity to realise a cash price for your options rather than face ongoing uncertainty as an Optionholder of ASC

Since ASC was listed in 1999:

- ASC's market capitalisation decreased from over $600 million in December 1999 to approximately $3.1 million in October 2009;
- ASC has accumulated pre-tax losses of continuing operations of approximately $7.8 million over the past 5 years while revenue for the same period has remained reasonably consistent; and
- ASC has never paid a dividend.

Sexyland believes that the strategic direction for ASC is unclear. While the directors of ASC have said they are intending to review new opportunities for the company, including those in the technology, industrial and resources sectors, it is not possible to assess whether the directors and management have the relevant skills and experience in any of these areas that they may choose for ASC to pursue.

Further details on why you should accept Sexyland's Offer are set out in this bidder's statement in which this letter is contained.

Close of the Offer

I strongly encourage you to accept this compelling Offer which is scheduled to close at 5.00pm (Perth time) on 28 January 2010, unless extended. To accept the Offer, please follow the instructions on the enclosed Acceptance Form.

I also encourage you to read this bidder's statement in which this letter is contained for more details about the Offer and about Sexyland.

If you accept the Offer and it becomes unconditional, you will receive consideration for your ASC Options in cash within seven working days and you will not incur any brokerage or stamp duty.

Queries

If you have any additional queries in relation to the Offer or you would like additional copies of this bidder's statement or the Acceptance From, please call the 'Sexyland Offer Information Line' on 1300 733 145 (local call cost) from within Australia or +612 8256 3362 (normal call charges apply) from outside Australia or consult your legal, financial or other professional adviser. This letter does not take into account individual investment objectives, financial situation or particular needs of any specific ASC member or any other person. All members are encouraged to seek independent financial and taxation advice before deciding whether to accept the Offer.

Yours faithfully

Angelo Abela
Managing Director
Sexyland Australia Pty Ltd

Summary of the Offer and how to accept

This summary gives an overview of the Offer. You should read this document in full before deciding whether to accept the Offer.

The Offer	Sexyland is offering to acquire all ASC Options of which you are the registered holder on the Record Date. You many only accept the Offer in respect of all of your ASC Options. Note that Sexyland is making separate offers to holders of each class of ASC Options to acquire all ASC Options for an offer price of \$0.0006 for each ASC Option and to holders of ASC Shares to acquire all ASC Shares for an offer price of \$0.0084 for each ASC Share and otherwise on terms comparable to the Offer, subject to the same conditions as apply to the Offer. This Bidder's Statement contains individual offers in respect of each of the following classes of Options: (a) unlisted Series A Employee Options exercisable at \$0.047 and expiring 3 January 2012; (b) unlisted Series B Employee Options exercisable at \$0.067 and expiring 3 January 2012; (c) unlisted Series C Employee Options exercisable at \$0.087 and expiring 3 January 2012; and (d) Listed Options exercisable at \$0.008 and expiring 31 December 2011. Each offer is made on the terms set out in this Bidder's Statement. Notwithstanding that this document contains four offers in relation to four classes of options, this document is to be read as one single offer document in respect of each class of Options.
Offer Price	\$0.0006 for each ASC Option
How to Accept – Listed Optionholders	Your acceptance must be received before the end of the Offer Period (5.00pm (Perth time) on 28 January 2010, unless the Offer Period is extended). Depending on the nature of your holding, you may accept the Offer in the following ways. **CHESS Holding** If your ASC Options are in a CHESS Holding: • complete the enclosed Acceptance Form in accordance with the instructions on the form and send it in the enclosed reply paid envelope to the address below; or • instruct your CHESS Controlling Participant to initiate acceptance of the Offer. **Participant** If you are a Participant, initiate acceptance of the Offer in accordance with the ASTC Settlement Rules. **Issuer Sponsored Holding** If your ASC Options are in an Issuer Sponsored Holding: • complete the enclosed Acceptance Form in accordance with

	the instructions on the form; and • send it with any other documents required by the instructions on the Acceptance Form in the enclosed reply paid envelope to the address below. An Acceptance Form accompanies this bidder's statement. The enclosed Acceptance Form is the one you should use in relation to your ASC Options.
How to Accept – Series A Employee Optionholders, Series B Employee Optionholders and Series C Employee Optionholders	Your acceptance must be received before the end of the Offer Period (5.00pm (Perth time) on 28 January 2010, unless the Offer Period is extended). You may accept the Offer by: • completing the enclosed Acceptance Form in accordance with the instructions on the form; and • send it with your ASC Option certificates (if any) and all other documents required by the instructions on the Acceptance Form in the enclosed reply paid envelope to the address below.
Send your Acceptance Form	Send your Acceptance Form and other documents required by the instructions on the Acceptance Form (if any) to: *Post:* Registries Limited GPO Box 3993 Sydney NSW 2001 *Delivery*: Registries Limited Level 7, 207 Kent Street Sydney NSW 2000
Closing Date	The Offer is scheduled to close at 5.00pm (Perth time) on 28 January 2010.
Conditions of the Offer	The Offer is subject to the conditions in clause 8.1 of Part 2 of this bidder's statement. The following is a summary of those conditions. You should read the conditions in full. 1. Sexyland and its associates have relevant interests in at least 50.1% (by number) of all ASC Shares and in at least 50.1% (by number) of all ASC Options (in aggregate, in all classes of options and not 50.1% of each class of ASC Options); and 2. no Prescribed Occurrence occurs. Sexyland may choose to waive any or all of these conditions in accordance with the Offer and the Corporations Act.
When you will be paid	Generally, Sexyland will pay the consideration due to you under the Offer on or before seven Business Days after the later of: (a) the date you accept the Offer (and return any documents required with your acceptance); and (b) the date on which the Offer becomes unconditional.
No brokerage or stamp duty	You will not pay brokerage or any stamp duty if you accept the Offer.
Further Information	If you have any questions about how to accept the Offer, or the Offer generally, please call the 'Sexyland Offer Information Line' on 1300 733 145 (local call cost) from within Australia or +612 8256 3362 (normal call charges apply) from outside Australia.

Please note that calls may be recorded.

Reasons why you should accept the Offer

1. Summary

1.1 Price

(a) The offer represents a fair price for your ASC Options.

(b) Sexyland believes that ASC's share price may fall below the volume weighted average price referred to at clause 2 below if the Offer and the takeover offer for ASC Shares fails, which may affect the value of your ASC Options.

1.2 Cash

You will receive an attractive cash consideration for your investment. This gives you certainty and allows you to realise your ASC Options quickly and easily, subject to the Conditions being satisfied or appropriately waived.

1.3 Illiquidity

The Offer provides members of ASC with an opportunity to exit their investment in this relatively illiquid stock, subject to the Conditions being satisfied or appropriately waived.

1.4 Poor operating results

The historical operating results of ASC are poor, including pre-tax losses for continued operations in each of the last five years and there appears to be no clear plan or basis on which this will change.

1.5 Uncertain strategic direction and future of ASC

(a) The Managing Director of ASC, Mr Malcolm Day, has been publicly quoted as saying "In reality, it's not in the best interests of shareholders for the business of AdultShop.com to continue as a public company, so we've got to look at other alternatives" (*Perth Now,* 12 September 2009).

(b) Various actions by the directors of ASC, including challenges to the regulatory environment of the industry, in Sexyland's opinion, call into question the historical strategy adopted by the directors of ASC.

(c) Sexyland does not believe that directors of ASC are in a position to be able to adopt and implement a more meaningful and value accretive strategy for ASC in the future.

2. Price: Offer represents an attractive premium

Sexyland's all cash Offer of $0.0006 per ASC Option represents an attractive price.

2.1 Series A Employee Optionholders

Your Series A Employee Options are exercisable at $0.047 per option. The closing price of ASC Shares on 4 November 2009 (being the day two days before the date the original bidder's statement (which this bidder's statement replaces) was lodged with ASIC) was $0.008. Therefore, as at that date, your Series A Employee Options were significantly 'out of the money'. This means exercising your Series A Employee Options would have required you to pay an amount per ASC Share that is more than the amount you could then sell them for on market.

2.2 Series B Employee Optionholders

Your Series B Employee Options are exercisable at $0.067 per option. The closing price of ASC Shares on 4 November 2009 (being the day two days before the date the original bidder's statement (which this bidder's statement replaces) was lodged with ASIC) was $0.008. Therefore, as at that date, your Series B Employee Options were significantly 'out of the money'. This means exercising your Series B Employee Options would have required you to pay an amount per ASC Share that is more than the amount you could then sell them for on market.

2.3 Series C Employee Optionholders

Your Series C Employee Options are exercisable at $0.087 per option. The closing price of ASC Shares on 4 November 2009 (being the day two days before the date the original bidder's statement (which this bidder's statement replaces) was lodged with ASIC) was $0.008. Therefore, as at that date, your Series C Employee Options were significantly 'out of the money'. This means exercising your Series C Employee Options would have required you to pay an amount per ASC Share that is more than the amount you could then sell them for on market.

2.4 Listed Optionholders

Your Options are exercisable at $0.008 per option. The closing price of ASC Shares on 4 November 2009 (being the day two days before the date the original bidder's statement (which this bidder's statement replaces) was lodged with ASIC) was $0.008. Therefore, as at 4 November 2009, your Options were 'at the money'. This means exercising your Options would have required you to pay an amount per ASC Share that is equal to the amount you could then sell them for on market.

Sexyland's separate offer to ASC Shareholders is to acquire all ASC Shares for an offer price of $0.0084 per ASC Share, which is a $0.0004 premium on the closing price of ASC Shares on 4 November 2009.

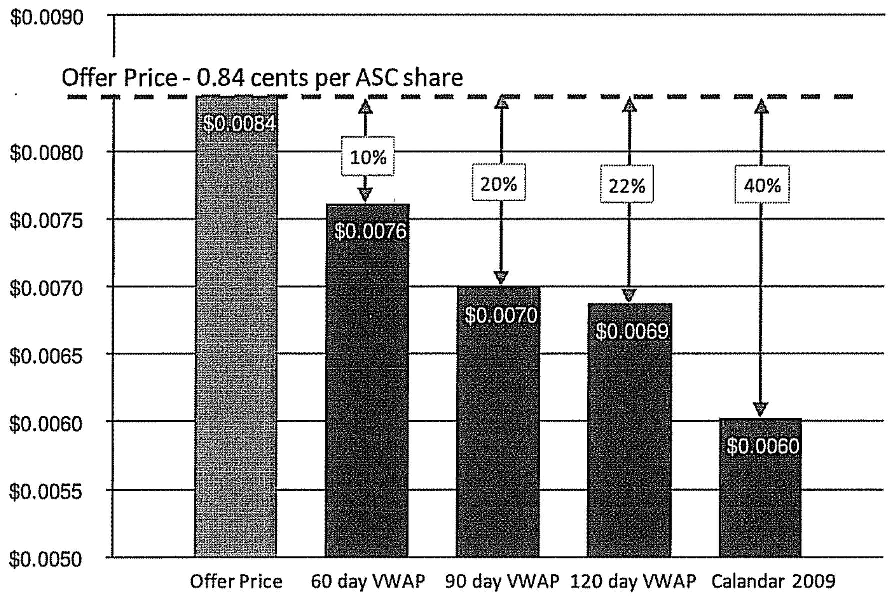
2.5 Attractive premium

Sexyland's separate offer to ASC Shareholders to acquire all ASC Shares for an offer price of $0.0084 per ASC Share is at an attractive premium to the level at which ASC Shares have been recently trading. For example our Offer is at a:

- 5% premium to the closing price of ASC Shares two days before the date the original bidder's statement (which this bidder's statement replaces) was lodged with ASIC, being 4 November 2009;
- 10% premium to the volume weighted average price of ASC Shares for the 60 days up to and including the day before Sexyland announced the Offer, being 7 October 2009;

- 20% premium to the volume weighted average price of ASC Shares for the 90 days up to and including 7 October 2009;
- 22% premium to the volume weighted average price of ASC Shares for the 120 days up to and including 7 October 2009; and
- 40% premium to the volume weighted average price of ASC Shares for the calendar year 2009 up to and including 7 October 2009.

The chart below illustrates the premium being offered by Sexyland relative to the trading prices of



ASC Shares prior to announcement of Sexyland's intention to make the Offer.

On 7 October 2009, the day immediately prior to Sexyland announcing its intention to make an offer, ASC's market capitalisation was approximately $3.1 million.

However, for the 60 days ended 7 October 2009, the volume weighted average market capitalisation was approximately $2.3 million.

Notwithstanding the funds raised pursuant to ASC's recent non-renounceable entitlement issue, the Offer is at a premium to certain measures of ASC's market capitalisation:

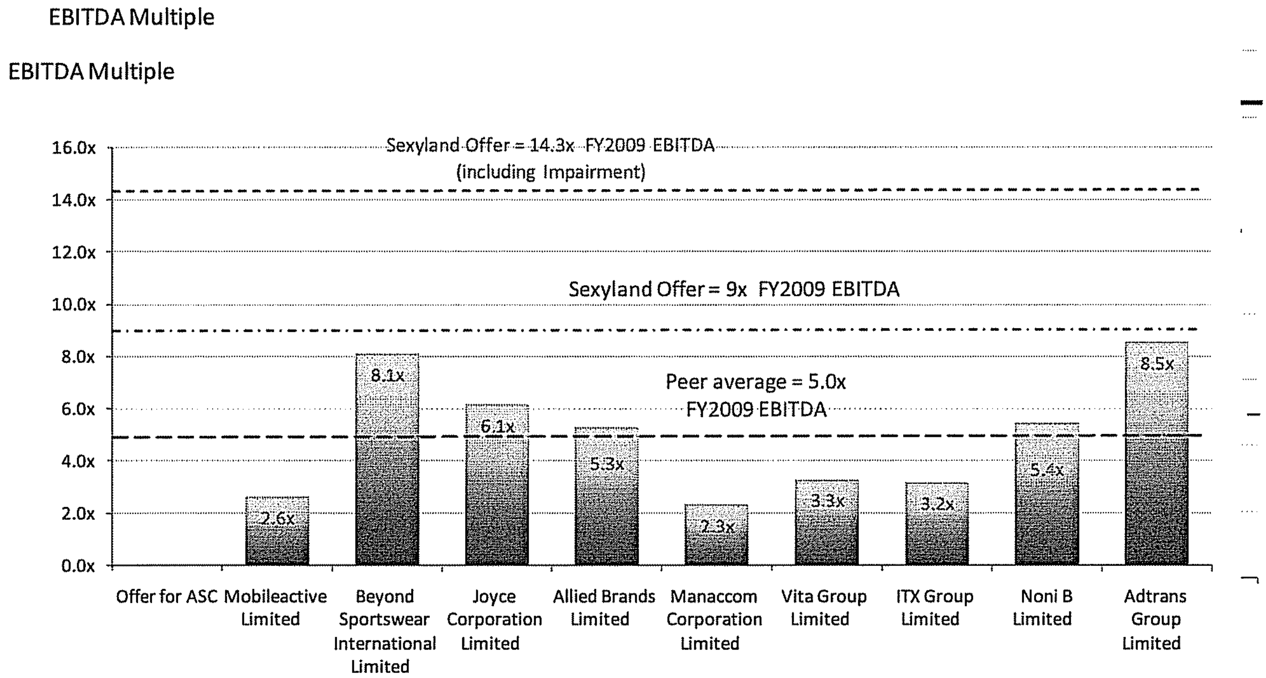
ASC market capitalisation	Sexyland Offer	Premium (%)
$2.3 million * (based on 60 day VWAP)	$4 million *	73.9
$3.1 million * (as at 7 October 2009)	$4 million *	29.0

* These figures do not include the $1.2 million raised pursuant to ASC's recent non-renounceable entitlement issue.

Sexyland's Offer represents a significant multiple of ASC's recent earnings

ASC's reported FY2009 EBITDA[1] is in the order of $593,865, which is before impairment charges of approximately $226,000. Sexyland's Offer values ASC at approximately $5.2 million (including the $1.2 million raised pursuant to ASC's recent NREI). Accordingly, this offer value implies a multiple of 9x this measure of EBITDA, which reflects a significant premium to the average multiples of a range of potentially comparable similarly sized ASX-listed companies in the retail sector.

FY2009 EBITDA multiples[1]



Market cap. ($m)*	5.0	7.0	10.1	26.3	17.6	32.5	45.5	35.6	72.8
FY2009 Revenue ($m)	12.0	30.8	15.2	39.7	58.4	288.9	146.3	130.7	683.6
Retail sector	Catalogue & internet order	Specialty retail	Specialty retail	Department stores	Computers & electr-onics	Electr-onics	Computer & electr-onics	Apparel & access-ories	Specialty retail

* as at 7 October 2009

ASC's FY2009 impairment charges are in the order of $226,000. If these impairment charges are included, ASC's FY2009 EBITDA is reduced to be an amount in the order of $367,865. This offer value implies a multiple of 14.3x this measure of FY2009 EBITDA, which is also a significant premium to the average multiples of a range of potentially comparable similarly sized ASX-listed companies in the retail sector.

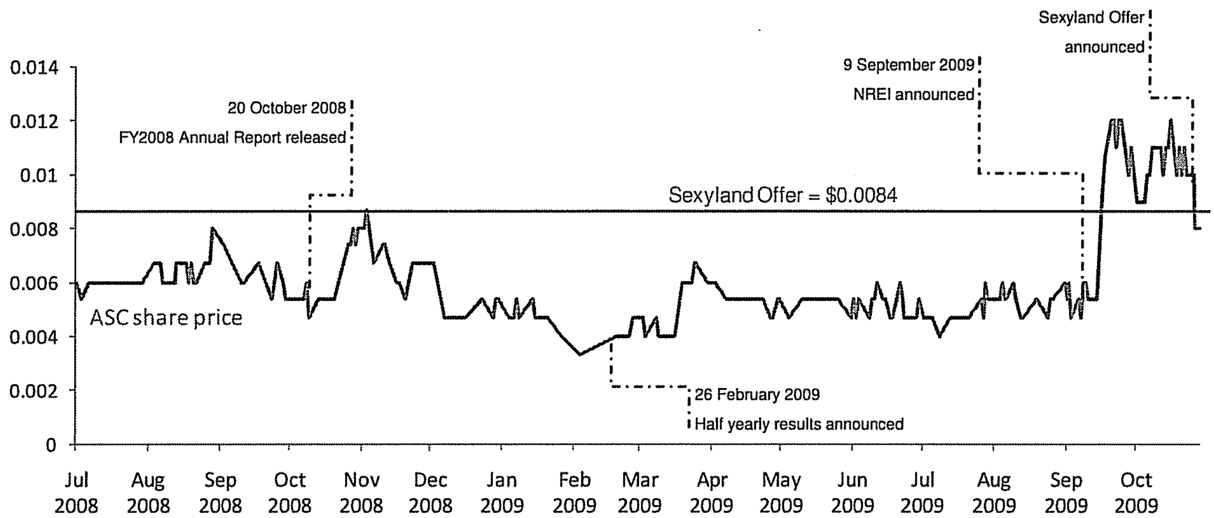
Impairment charges are normally non-recurring in nature. ASC has reported the following impairment charges in each of the past 3 years:

$'000	**FY07**	**FY08**	**FY09**
Impairment Charges	200	300	226

[1] Based on reported FY2009 EBITDA; share prices (except for ASC) as at 7 October 2009

Sexyland believes that ASC's share price may fall below the 120-day volume weighted average price if the Offer fails.

Sexyland expects that the issue of shares (and options) under the NREI will have a dilutive effect on ASC Shares. The NREI was offered on a '1 for 1' basis, thereby doubling the number of shares on issue from 306,796,528 to 613,593,056. As the volume weighted average price of ASC Shares for the 120 days up to and including 7 October 2009 was $0.0069 per share and the NREI occurred at $0.004 per share, Sexyland believes that ASC's share price may fall below that volume weighted average price as a result of the NREI.



3. You will receive cash

The Offer (which is a cash offer) provides a certain outcome for ASC Optionholders in a period of economic and equity market uncertainty, subject to the Conditions being satisfied or appropriately waived. Further, subject to the Conditions being satisfied or appropriately waived, the Offer allows Shareholders to realise their shares quickly and easily and ends their exposure to what appears to be an uncertain future for ASC.

The cash consideration payable under the Offer will be available to Sexyland from an undrawn committed bank facility from Bendigo and Adelaide Bank Limited.

By accepting the Offer, subject to the Conditions being satisfied or appropriately waived, you will not incur the brokerage, stamp duty and other costs that are normally associated with share transactions exiting your investment on-market.

~~ME_83275209_7 (W2003)~~
ME_83761509_1 (W2003)

4. Illiquidity: the Offer provides an opportunity to exit your investment in an illiquid stock

Series A Employee Options, Series B Employee Options and Series C Employee Options are unlisted and are not traded on any market, and are an option to acquire an ASC Share which has relatively low liquidity.

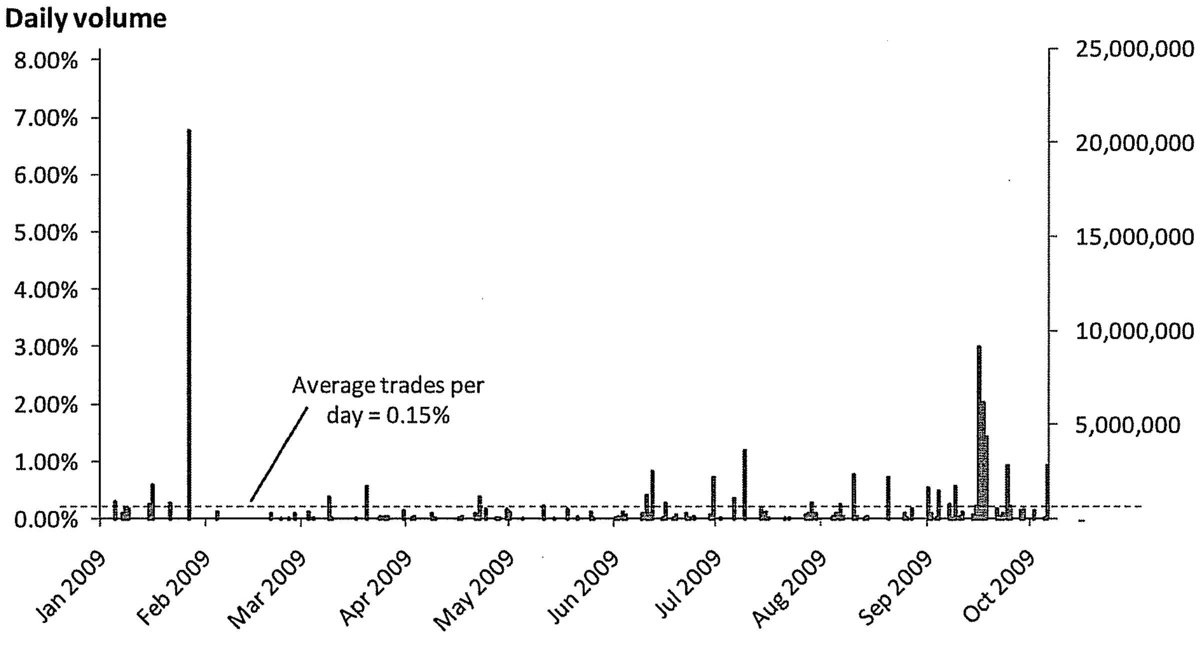
As they are unlisted and not traded, it is likely to be difficult to trade your Series A Employee Options, Series B Employee Options and Series C Employee Options .The low liquidity of ASC Options suggests that your future ability to exit your investment may be limited. Further, each of your Options are an option to acquire an ASC Share which itself has relatively low liquidity.

Sexyland's Offer represents an opportunity to realise an illiquid investment, in cash and at an attractive price, subject to the Conditions being satisfied or appropriately waived.

The low liquidity of ASC Shares suggests that your future ability to exit your investment may be limited. For the period 1 January 2009 to 7 October 2009, the average daily volume of ASC Shares traded has been 0.15% of the total number of shares on issue. No trades of ASC Shares occurred on 91 of the 200 trading days during this period.

The directors of ASC, together with their associates, hold approximately 39.8% of ASC, which may have an adverse effect on the liquidity of ASC Shares. The directors have stated that they are not relevantly associated with each other. The directors have also stated in an announcement published on the ASX dated 13 October 2009, that they will not be accepting Sexyland's takeover offer on the terms set out in Sexyland's takeover announcement published on the ASX dated 8 October 2009.

The low liquidity of ASC Shares is illustrated below:



Source: IRESS.
Note: Liquidity of ASC Shares from 1 January 2009 to 7 October 2009 measured as the daily turnover as a percentage of total ASC Shares on issue.

5. The historic trading performance of ASC has been poor

The Offer gives ASC Optionholders the opportunity to exit a poorly performing company. Sexyland notes the following regarding ASC's historical performance:

(a) ASC's market capitalisation has decreased from over $600 million in December 1999 to approximately $3.1 million as at 7 October 2009, the day before the date that Sexyland announced its intention to make an Offer. The Offer totals approximately $5.2 million in relation to ASC Shares, and takes account of the effect of the NREI;

(b) ASC's net profit before tax for continuing operations has fallen from a profit of $5.1 million in FY2002 to losses in each financial year from FY2005 to FY2009. ASC has accumulated pre-tax losses for its continued operations of approximately $7.8 million over the last five years (or approximately $5.7 million after adjustments for new accounting standards or subsequent events). However during the same period, as illustrated in the table below, revenues have remained reasonably consistent:

$'000	**FY05**	**FY06**	**FY07**	**FY08**	**FY09**
Revenue	37,695	38,965	38,922	38,538	34,010
Net loss before tax for continued operations	(2,285)	(384)	(1,932)	(2,577)	(601)
				Total losses	**(7,779)**
Net loss before tax for continued operations adjusted for new accounting standards or subsequent events	(1,431)	(160)	(1,932)	(1,604)	(601)
				Total losses	**(5,728)**

(c) ASC has not paid a dividend since its listing in 1999; and

(d) ASC has spent significant amounts pursuing unsuccessful legal challenges against the Office of Film and Literature Classification and the Federal Attorney General in relation to policy changes.

Inadequate return on net tangible assets

In an ASC company announcement dated 13 October 2009, the directors of ASC stated that the net tangible asset backing per ASC Share was 2.4 cents per share (based on the 30 June 2009 audited accounts). Independent experts commonly ascribe a value of a company based on its net realisable value of assets in the following circumstances:

- where a company is not making an adequate return on its assets;
- when a company incurs sustained losses; or
- when liquidation is anticipated or the future prospects of the company are extremely doubtful.

Usually, the net realisable value of the assets of a company is a discount to written down value, includes reasonable costs of undertaking the asset realisation process and assumes the assets are readily saleable.

Sexyland notes the following:

- ASC Shares have not traded at 2.4 cents since 3 September 2007;
- further, for the three years prior to 3 September 2007, the average closing price of ASC Shares was 1.6 cents;

- the ASC directors priced the shares offered pursuant to the NREI at 0.4 per share, which is a discount of approximately 83% to 2.4 cents per share; and
- according to ASC's Balance Sheet as at 30 June 2009, the net tangible assets include inventories of $8.34 million. In Sexyland's experience, inventories in a business of this nature consist predominantly of toys and DVDs, which have a limited shelf life. Stock obsolescence causes the value of these assets to be impaired and an orderly realisation of obsolete inventory items is difficult.

6. Uncertain strategic direction and future of ASC

Mr Malcolm Day, managing director of ASC, has been publicly quoted as saying:

"*In reality, it's not in the best interests of shareholders for the business of AdultShop.com to continue as a public company, so we've got to look at other alternatives.*" (Perth Now, 12 September 2009).

Sexyland believes that the business of ASC should not be listed based on the following reasons:

- ASC Shares are thinly traded and are a highly illiquid stock;
- ASC's market capitalisation is small and is in the 2nd lowest percentile of all ASX-listed companies; and
- ASC incurs significant overheads for a business of its size and nature.

ASC has consistently incurred significant overhead expenses. Over the past five years, 'Unallocated Expenditure' has outweighed the earnings of each division of ASC. Sexyland believes the annual costs set out in the table below, are excessive for a business of ASC's nature and size:

Item	**Cost per annum ($'000)**		
	FY07	**FY08**	**FY09**
Directors' remuneration	794	642	618
Listing fees*	500 +	500 +	500 +
Auditor fees	160	175	160
Totals	**1,454**	**1,317**	**1,278**
Net loss before tax for continued operations	(1,932)	(2,577) #	(601)

*the cost estimated to be associated with maintaining a dual listing on ASX and the German Stock Exchange.

+ this is an estimate only, based on publically available information from ASX and the German Stock Exchange.

(1,604) after adjustments for new accounting standards or subsequent events.

Further, the strategic direction of ASC seems uncertain. The directors of ASC have stated that they intend to use the $1.2 million raised under the NREI for the review and acquisition of new opportunities.

Part 1 - Statutory information

1. Introduction to Sexyland

1.1 Sexyland

The bidder under the Offer is Sexyland.

Sexyland is an Australian proprietary company limited by shares. Sexyland is a chain of female-friendly adult department stores. Operating for over 10 years, Sexyland currently has 11 store locations throughout Melbourne. Sexyland provides a place where women, men, couples and friends can all shop together in a relaxed and professional environment. Further information about Sexyland can be found on its website at www.sexyland.com.au.

Mr Angelo Abela is the sole director of Sexyland and along with associates (being family members and their associated entities, all resident in Australia) beneficially owns all of the issued capital in Sexyland.

Sexyland opened its first store in suburban Melbourne in 2000 and has grown its presence to become Melbourne's premier adult department store. Goods sold by Sexyland include adult toys, lingerie and other clothing and associated adult products.

1.2 Bidder's Statement

This document is a bidder's statement. It contains the formal terms of Sexyland's Offer and other information relevant to your decision whether to accept the Offer. Defined terms in this bidder's statement are capitalised.

A glossary of the defined terms is set out in Part 3.

2. Sexyland's interest in ASC Options

2.1 ASC's issued capital

According to documents lodged by ASC with ASX as at 6 November 2009, the total number of securities in each class of securities of ASC is:

Class of security	Number on issue	Relevant interest of Sexyland in securities immediately before first offer sent
Ordinary shares	613,593,056 (ASC)	Nil
Listed options	153,398,279 (ASCO) Exercise price: $0.008 Expiry date: 31 December 2011	Nil
Unlisted employee options	1,920,000 Series A Employee Options Exercise price: $0.047 Expiry date: 3 January 2012	Nil

Class of security	Number on issue	Relevant interest of Sexyland in securities immediately before first offer sent
	1,920,000 Series B Employee Options	
	Exercise price: $0.067	
	Expiry date: 3 January 2012	
	1,920,000 Series C Employee Options	
	Exercise price: $0.087	
	Expiry date: 3 January 2012	
Total unlisted employee options:	5,760,000	

2.2 Voting power

As at the date of this bidder's statement, Sexyland's voting power in ASC is 0%.

As at the Offer Date, Sexyland's voting power in ASC is 0%.

2.3 Total number of ASC Shares

If all ASC Options on issue on 6 November 2009 that are exercisable during the Offer Period were exercised and 'converted' into ASC Shares, the total number of ASC Shares that would have been on issue on the date of this bidder's statement is 772,751,335.

3. Dealings in ASC Options

3.1 Consideration in previous four months

Neither Sexyland nor any associate of Sexyland has provided, or agreed to provide, consideration for ASC Options under any purchase or agreement during the four months before the date of the bid.

3.2 No benefits given, offered or agreed

Neither Sexyland nor an associate of Sexyland, during the four months before the date of the bid, gave, offered to give or agreed to give a benefit to another person that was likely to induce the other person or an associate to:

(a) accept an offer under the Bid; or

(b) dispose of securities in the bid class,

that was not offered to all holders of securities in the bid class constituted by ASC Options.

4. How cash consideration will be provided

4.1 Cash required if all Offers accepted

The consideration of the ASC Options to which the Offer relates will be satisfied wholly in cash.

If all the Offers are accepted and all offers for ASC Shares made under the Share Offer are accepted (assuming none of the ASC Options convertible into ASC Shares during the Offer Period are exercised and 'converted' into ASC Shares during the Offer Period) Sexyland will be obliged to pay approximately $5,250,000.

If all offers for ASC Shares made under the Share Offer are accepted and assuming all ASC Options convertible into ASC Shares during the Offer Period are exercised and 'converted' into ASC Shares during the Offer Period Sexyland will be obliged to pay approximately $6,500,000.

4.2 Source of funds

The cash consideration payable under the Offer will be available to Sexyland from an undrawn committed bank facility from Bendigo and Adelaide Bank Limited.

The extent to which this facility will be drawn upon will ultimately be determined once the number of ASC Options in relation to which Acceptance Forms have been received is known.

4.3 Terms of facility agreement

In relation to the bank facility referred to in clause 4.2:

(a) Sexyland may draw down on the facility by issuing a draw down notice to Bendigo and Adelaide Bank Limited;

(b) there are no restrictions to draw down or approvals needed to draw down;

(c) the facility has the usual terms or conditions associated with the circumstances of an offer such as the Offer;

(d) no event of default has occurred under the facility that is continuing and has not been waived; and

(e) the facility will not expire while Sexyland has an outstanding obligation to pay for ASC Options acquired by it under the Offers or through a compulsory acquisition of ASC Options under the Corporations Act or an outstanding obligation to pay fees, expenses and duties relating to the acquisition.

The amount of the facility exceeds the maximum amount potentially payable under this Offer, as described in clause 4.1.

5. Sexyland's intentions regarding ASC's businesses, assets and employees

5.1 Introduction

This clause 5 sets out Sexyland's intentions in relation to:

(a) the continuation of the business of ASC;

(b) any major changes to be made to the business of ASC; and

(c) the future employment of the present employees of ASC,

on the basis of information concerning ASC and the circumstances affecting the businesses of ASC that are known to Sexyland at the date of this bidder's statement. Sexyland's intentions referred to in this clause 5 have been formed with reference only to publicly available information, and without the benefit of any detailed review of ASC's businesses. Final decisions on these matters will only be reached after the business review referred to below is completed and in the light of all material facts and circumstances at the relevant time.

Accordingly, the statements set out in this clause 5 are statements of current intention only which may change as new information becomes available or circumstances change including, among other matters, the outcome of the business review referred to below and the outcome of the Offer.

5.2 Intentions on gaining less than 90% of ASC

As at the date of this bidder's statement, Sexyland is not in a position to determine, and has not determined, its intentions should the 50.1% minimum acceptance Condition remain unsatisfied. However, Sexyland reserves its right to declare the Offer free from the 50.1% minimum acceptance Condition, or any other Condition, at any time.

If Sexyland acquires a relevant interest in ASC Shares pursuant to the Offer and the Offer is declared or becomes free of all other Conditions but Sexyland does not become entitled to compulsorily acquire the outstanding ASC Shares, then ASC will be partly owned by Sexyland and, depending on the relevant interests acquired, Sexyland may control ASC and/or ASC may be a partly owned Subsidiary or associated entity of Sexyland. In each such event, Sexyland's current intentions are as set out below.

ASX and GSX listing

Subject to the Corporations Act and the constitution of ASC, Sexyland will consider seeking to delist ASC from ASX and GSX to save the costs associated with listing.

Subject to continued compliance by ASC with the Listing Rules (including sufficient shareholder spread), ASC may maintain its listing on the ASX and GSX, although ASC members should be aware that in this circumstance the liquidity of ASC Shares on (at least) ASX may be materially adversely affected.

If its Offer proceeds, to the extent it is able to do so, Sexyland intends to exercise its rights in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act, permitting it to acquire more ASC Shares.

Directors

After the end of the Offer Period, Sexyland intends, subject to the Corporations Act and the constitution of ASC, to take steps to reconstitute the ASC board so that its nominees are in the majority and are proportionately commensurate to Sexyland's level of control. Sexyland has not made any decision on who would be nominated for appointment to the board of directors of ASC in this case. Sexyland would consider (but not necessarily comply with) the recommendations in the ASX Corporate Governance Guidelines when determining the composition of the board of ASC.

Business review

Sexyland, through its nominees on the ASC board, will propose that ASC pursue an appropriate strategic review of ASC and its business and assets. Sexyland intends, subject to the approval of the board of ASC and to applicable legal principles, to participate in this review.

Sexyland will seek to formulate an optimal strategy in terms of realising value for its investment in ASC. In doing so, Sexyland will keep all of its options open, including the divesting of some or all of ASC's non-core assets. Subject to the results of the proposed strategic review of Adultshop's operations, Sexyland does not currently intend to alter the employment arrangements of Adultshop's employees.

Sexyland does not have sufficient information available to it as at the date of this bidder's statement to pre-empt the results of the proposed review, or express a definite opinion on what ASC's future should entail.

Dividend policy

Sexyland notes that ASC has not paid any dividends since listing in 1999. The current intention of Sexyland is not to change the dividend policy of ASC.

In any event, Sexyland does not expect ASC to be in a position to pay dividends for several years.

Further acquisitions of ASC securities

Sexyland is making offers for ASC Options at the same time as the Offer. These offers are set out in a separate bidder's statement which will be issued to the relevant holders of those options.

Sexyland intends to seek to compulsorily acquire any outstanding ASC Options under Chapter 6A of the Corporations Act at the end of the Offer Period, if it becomes entitled to do so.

Other material information

Sexyland is not aware of any other information material to the decision of ASC Optionholders whether to accept the Offer.

5.3 Compulsory acquisition – Intentions for ASC as a wholly owned controlled entity

If, at or before the end of the Offer Period, Sexyland becomes entitled to compulsorily acquire all outstanding ASC Shares, Sexyland's current intentions are as set out below.

The directors of ASC have stated in an announcement published on the ASX dated 13 October 2009, that they will not be accepting Sexyland's takeover offer on the terms set out in Sexyland's takeover announcement published on the ASX dated 8 October 2009. If this remains the case, Sexyland will not be entitled to compulsorily acquire all outstanding ASC Shares.

Acquisition of all ASC Shares on issue

Sexyland intends to acquire all ASC Shares, including any issued or granted after the end of the Offer Period but before Sexyland issues a compulsory acquisition notice. Sexyland will then issue a compulsory acquisition notice in accordance with the Corporations Act. Following that, Sexyland intends to acquire securities that will become ASC Shares due to the conversion of or exercise of rights attached to the securities within six weeks after Sexyland gives the compulsory acquisition notice. Sexyland will also offer to acquire any ASC Shares held by its associates.

Acquisition of all ASC Options

Sexyland intends to seek to compulsorily acquire any outstanding ASC Options under Chapter 6A of the Corporations Act after the end of the Offer Period, if it becomes entitled to do so.

ASX and GSX listing

Sexyland intends to procure the removal of ASC Shares from the official list of ASX and GSX at the conclusion of the compulsory acquisition process.

Directors

Sexyland intends to replace the entire board of ASC with its nominees.

Business review and other matters

Sexyland, through its nominees on the ASC board, will propose that ASC pursue an appropriate strategic review of ASC and its business and assets. Sexyland intends, subject to the approval of the board of ASC and to applicable legal principles, to participate in this review.

Sexyland will seek to formulate an optimal strategy in terms of realising value for its investment in ASC. In doing so, Sexyland will keep all of its options open, including the divesting of some or all of ASC's non-core assets. Subject to the results of the proposed strategic review of Adultshop's operations, Sexyland does not currently intend to alter the employment arrangements of Adultshop's employees.

Sexyland does not have sufficient information available to it as at the date of this bidder's statement to pre-empt the results of the proposed review, or express a definite opinion on what ASC's future should entail.

Other material information

Sexyland is not aware of any other information material to the decision of ASC Optionholders whether to accept the Offer.

6. Australian tax considerations

6.1 Introduction

(a) The following is a general description of the Australian tax consequences for ASC Optionholders of their acceptance of the Offer. The comments set out below are relevant only to those ASC Optionholders who hold their ASC Options(**ASC Interests**) as capital assets for the purpose of investment (and only to that extent) and not in connection with the conduct of a business.

(b) Certain ASC Optionholders (such as those engaged in a business of trading or investment, those who acquired their ASC Interests for the purpose of resale at a profit or those which are banks, insurance companies, tax-exempt organisations, superannuation funds, or persons who acquired their ASC Interests in respect of their employment with ASC) will or may be subject to special or different tax consequences peculiar to their circumstances, and they should accordingly seek specialist advice tailored to those circumstances.

(c) ASC Optionholders who are not resident in Australia for tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer.

(d) The following description is based on Australian taxation law in effect as at the date of this bidder's statement, but it is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every ASC Optionholder. ASC Optionholders should seek independent professional advice about their own particular circumstances.

6.2 CGT consequences of disposal of ASC Interests by Australian residents

(a) Acceptance of the Offer will involve the disposal by ASC Optionholders of their ASC Interests by way of transfer to Sexyland and will constitute a CGT event at the time of acceptance of the Offer.

(b) A capital gain will arise for an ASC Optionholder from the disposal of their ASC Interests where the capital proceeds exceed the cost base of their ASC Interests. A capital loss will arise where the capital proceeds are less than the reduced cost base of their ASC Interests.

(c) The capital proceeds of the CGT event will be the cash proceeds received by ASC Optionholders in respect of the disposal of their ASC Interests pursuant to the Offer.

(d) The cost base and reduced cost base of the ASC Interests is generally their cost of acquisition. Certain other amounts associated with acquisition and disposal (such as brokerage) that are not deductible to the ASC Optionholders may be added to the cost base.

(e) Capital gains realised and capital losses incurred by an ASC Optionholder in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain may be reduced by any unused capital losses carried forward by an ASC Optionholder from a prior year.

(f) ASC Optionholders who incur net capital losses will not be able to set off that loss against other income for income tax purposes. Rather, that net capital loss must be carried forward to be offset against future capital gains.

(g) The tax consequences for ASC Optionholders from the disposal of their ASC Interests, will depend upon their status and specific circumstances, as outlined below.

Individuals and complying superannuation funds

Individuals and complying superannuation funds may be entitled to a 'CGT discount' in relation to any capital gains made in respect of the disposal of their ASC Interests, provided that the ASC Interests were held for at least 12 months. Broadly, where the CGT discount applies, individuals will be liable for CGT on 50% of any capital gain and complying superannuation funds will be liable for CGT on two-thirds of any capital gain.

If the individual or complying superannuation fund has capital losses, the CGT discount may be applied to the net capital gain after first offsetting all available capital losses.

Companies

ASC Optionholders that are companies are not entitled to the CGT discount in respect of the disposal of their ASC Interests. Any capital gain that a company makes on the disposal of its ASC Interests, to the extent that it is not offset by any capital losses of the company, will be included in its assessable income and subject to tax at the corporate tax rate of 30%.

Trustees

Where ASC Interests are owned by an entity as trustee for a trust, the trustee will be assessable on the net income of the trust, including any capital gain from the disposal of the ASC Interests. Trustees should obtain specific tax advice as to whether they are entitled to obtain the benefit of the 50% CGT discount.

Where beneficiaries are presently entitled to the income of a trust, the net capital gain for the trust is determined with the benefit of the 50% CGT discount where the ASC Interests have been held for at least 12 months. Upon distribution by the trustee, the net capital gain would be grossed up to 100% in the hands of the beneficiaries. Beneficiaries that are individuals or complying superannuation funds should then be entitled to the 50% CGT discount for individuals and the one-third CGT discount for complying superannuation funds in respect of the disposal of the ASC Interests by the trust. Beneficiaries that are companies are not entitled to the CGT discount.

6.3 CGT consequences of disposal of ASC Interests by non-residents

An ASC Optionholder that is a non-resident for Australian tax purposes ("Tax Non-Resident") just before the CGT event happens should not be liable for Australian CGT on disposal of their ASC Interests where the ASC Optionholder, together with their associates, does not beneficially hold, or have an option or right to acquire, 10% or more of ASC Interests at the time of the CGT event or throughout a 12 month period in the 24 months prior to the time of the CGT event.

If an ASC Optionholder that is a Tax Non-Resident beneficially holds, or has an option or right to acquire, together with their associates, 10% or more of the shares in ASC at the time of the CGT event or throughout a 12 month period in the 24 months prior to the time of the CGT event, any capital gain or capital loss that they make from a CGT event in respect of their ASC Interests will be disregarded unless more than 50% of the total fair market value of the assets of ASC consist of interests in Australian real property.

ASC Optionholders who are Tax Non-Residents should note that the Australian tax consequences from the disposal of their ASC Interests may be affected by any double tax agreement between Australia and their country of residence for tax purposes.

6.4 Stamp duty and GST

Sexyland will pay the stamp duty (if any) payable in Australia on the transfers of ASC Interests under the Offer. No GST will be payable on such transfers.

7. Other material information

7.1 Information

The information in clause 7 is material to making a decision whether to accept the Offer, known to Sexyland and does not relate to the value of the ASC Options.

Except for the information in clause 7, there is no information material to the making of a decision by a person whether accept the Offer that is known to Sexyland and that has not previously been disclosed to the holders of ASC Options.

7.2 No agreements with ASC directors

There is no agreement between Sexyland and a director or another officer of ASC in connection with or conditional on the outcome of the Offers.

7.3 Financial position of ASC

So far as Sexyland knows, there has not been a material change in the financial position of ASC other than as disclosed by ASC in Annual Financial Report for the year ended 30 June 2009. A copy of this report was lodged with ASX by ASC on 30 September 2009. Annexure A contains a copy of this report.

7.4 No Modifications to Corporations Act

ASIC has not modified the Corporations Act, in relation to the Bid.

7.5 ASC's ASX announcements

Annexure A contains a copy of ASC's Annual Financial Report for the year ended 30 June 2009, as lodged by ASC with ASX on 30 September 2009.

Annexure B contains copies of all ASC's announcements to ASX from 30 September 2009 that Sexyland considers material.

7.6 Consents

This bidder's statement includes statements which are made in, or based on statements made in, the following documents lodged with ASIC or on the company announcements platform of ASX by ASC and others:

- Annual Financial Report for the period ended 30 June 2009, as lodged by ASC with ASX on 30 September 2009, a copy of which is attached as Annexure A;
- 'Directors statement re takeover' announcement lodged by ASC with ASX on 13 October 2009; and
- other notices which ASC has lodged with ASX.

Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this bidder's statement. If you would like to receive a copy of any of these documents, please call the 'Sexyland Offer Information Line' on 1300 733 145 (local call cost) from within Australia or +612 8256 3362 (normal call charges apply) from outside Australia and you will be sent a copy free of charge. Information may also be obtained from ASC's webpage on the ASX website at www.asx.com.au.

The following persons have given, and have not before the date of this bidder's statement withdrawn, their consent to be named in this bidder' statement in the form and context in which they are named:

(a) Harbury Capital Corporate Advisers;

(b) Minter Ellison Lawyers; and

(c) Bendigo and Adelaide Bank Limited – as the provider of an unconditional committed bank facility.

Each of Harbury Capital Corporate Advisers, Minter Ellison Lawyers and Bendigo and Adelaide Bank Limited:

(a) does not make, or purport to make, any statement in this bidder's statement; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this bidder's statement.

7.7 Date for determining holders of securities

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of the table in section 633(1) for each Offer is the Record Date.

Part 2 - Terms of the Offer

1. Offer

1.1 The Offer

Sexyland offers to acquire on the terms and subject to the conditions of this Offer all ASC Options of which you are the registered holder on the Record Date, and all Rights attaching to them.

1.2 Persons to whom Offers are made

An Offer in the same form and with the same date is being made to and will be sent to each holder of ASC Options registered in the ASC Option register at 5.00pm (Perth time) on the Record Date.

It also extends to any person who becomes registered, or entitled to be registered, as the holder of any of your ASC Options during the Offer Period.

1.3 Offer Date

This Offer is dated 3 December 2009, being the date on which the first of the Offers are sent to the persons referred to in clause 1.2.

1.4 Offer Period

The Offers will remain open for the period:

(a) starting on the Offer Date; and

(b) ending at 5.00pm (Perth time) on 28 January 2010,

unless this period is extended or the Offers are withdrawn in accordance with the Corporations Act.

If, within the last seven days of the Offer Period, either of the following events occur:

(a) the Offer is varied to improve the consideration offered; or

(b) Sexyland's voting power in ASC increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

1.5 Conditions

Each Offer is subject to the Conditions.

1.6 If you have sold any of your ASC Options

If you have sold some or all of your ASC Options when this Offer is made to you, or sell some or all of your ASC Options during the Offer Period, please refer to clause 5.1.

1.7 If you are a trustee or nominee

If you are a trustee or nominee of some or all of your ASC Options, please refer to clause 5.2.

2. Price

2.1 Price payable

The amount offered for each of your ASC Options is $0.0006 cash.

2.2 Time of payment

(a) If the Acceptance Form does not require you to give another document for your acceptance, Sexyland will dispatch payment to you for your ASC Options on or before the earlier of:

(i) 7 Business Days after the Offer Period; and

(ii) 7 Business Days after the later of:

(A) the date this Offer is accepted by you; and

(B) whilst this Offer is subject to Conditions, the date the takeover contract resulting for your acceptance of this Offer becomes unconditional.

(b) If the Acceptance Form requires another document to be given for your acceptance (like a power of attorney):

(i) if the document is given with your acceptance, Sexyland will dispatch payment to you according clause 2.2(a);

(ii) if the document is given after your acceptance and before the end of the Offer Period and the Offer remains subject to any Conditions at the time Sexyland is given the document, Sexyland will dispatch payment to you on or before the earlier of:

(A) 7 Business Days after the takeover contract becomes unconditional; and

(B) 7 Business Days after the end of the Offer Period; or

(iii) if the document is given after your acceptance and before the end of the Offer Period and the Offer is unconditional at the time the bidder is given the document, Sexyland will dispatch payment to you on or before the earlier of:

(A) 7 Business Days after Sexyland is given the document; and

(B) 7 Business Days after the end of the Offer Period;

(c) if the document is given after your acceptance and after the end of the Offer Period and at the time Sexyland is given the document the takeover contract is unconditional, Sexyland will dispatch payment to you on or before 7 Business Days after Sexyland is given the document; or

(d) if the document is given after your acceptance and after the end of the Offer Period and at the time Sexyland is given the document the takeover contract is subject to any Conditions relating only to the happening of a Prescribed Occurrence, Sexyland will dispatch payment to you on or before 7 Business Days after the takeover contract becomes unconditional.

(e) Payment will be by cheque in Australian currency. The cheque will be sent to you at your address stated on the Acceptance Form or another address notified by you to Sexyland.

2.3 Contract avoided

Sexyland may avoid a contract between Sexyland and you if Sexyland has not been given a document required in the Acceptance Form within one month after the end of the Offer Period.

2.4 Certain overseas residents

If, at the time you accept this Offer, any authority or clearance of the Reserve Bank of Australia, the Australian Taxation Office or the Minister for Foreign Affairs is required for you to receive any consideration under this Offer, or you are resident in, or a resident of, a place to which, or you are a person to whom:

(a) the *Banking (Foreign Exchange) Regulations 1959* (Cth);

(b) the *Charter of the United Nations Act 2002* (Cth);

(c) the *Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002* (Cth);

(d) the *Charter of the United Nations (Sanctions - Afghanistan) Regulations 2001* (Cth);

(e) the *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003* (Cth); or

(f) any other law of Australia that would make it unlawful for Sexyland to provide consideration for your ASC Options,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by Sexyland.

3. Offer period

You may accept the Offer during the period:

(a) starting on the Offer Date; and

(b) ending at 5.00pm (Perth time) on 28 January 2010,

unless this period is extended or the Offer is withdrawn in accordance with the Corporations Act.

4. How to accept

4.1 Full acceptance

Subject to clause 5.2, you may only accept Sexyland's Offer during the Offer Period in respect of all of your ASC Options.

If you wish to accept the Offer in respect of all of your ASC Options, your Acceptance Form must be completed and returned to Sexyland in accordance with this clause 4 (and the instructions on the form).

4.2 Acceptance Form – Series A Employee Optionholders; Series B Employee Optionholders; and Series C Employee Optionholders

You will have received an Acceptance Form with this bidder's statement, which is the Acceptance Form to be used in relation to your ASC Options.

To accept this Offer you must:

(a) complete and sign the Acceptance Form in accordance with the instructions on it; and

(b) send it, with your ASC Option certificates (if any) and all other documents required by the instructions on the Acceptance Form, so that they are received before the end of the Offer Period (5.00pm (Perth time) on 28 January 2010 unless the Offer Period is extended) at the address stated on the Acceptance Form.

A reply paid return addressed envelope is enclosed for your use.

4.3 Acceptance Form – Listed Optionholders

Clauses 4.4 and 4.6 refer, among other things, to the different acceptance procedures to accept this Offer depending on whether your ASC Options are in a CHESS Holding or in an Issuer Sponsored Holding. You will have received an Acceptance Form with this bidder's statement, which is the Acceptance Form to be used in relation to your ASC Options.

4.4 CHESS Holdings

If your ASC Options are in a CHESS Holding and you are not a Participant, you may:

(a) instruct your Controlling Participant to initiate acceptance of this Offer for your ASC Options in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period; or

(b) authorise Sexyland to instruct your Controlling Participant on your behalf to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules, by completing, signing and returning the enclosed Acceptance Form in accordance with the instructions on it. The Acceptance Form must be received at the address stated on it before the end of the Offer period (5.00pm (Perth time) on 28 January 2010, unless the Offer Period is extended) to enable Sexyland to instruct your Controlling Participant to effect acceptance of the Offer for your ASC Options before the end of the Offer Period. A reply paid envelope is enclosed for your use.

4.5 Participant

If your ASC Options are in a CHESS Holding and you are a Participant, acceptance of this Offer may be initiated in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period (5.00pm (Perth time) on 28 January 2010, unless the Offer Period is extended).

4.6 Issuer Sponsored Holdings

If you hold ASC Options in an Issuer Sponsored Holding, to accept this Offer you must:

(a) complete and sign the Acceptance Form in accordance with the instructions on it; and

(b) send it, and all other documents required by the instructions on the Acceptance Form, so that they are received before the end of the Offer Period (5.00pm (Perth time) on 28 January 2010 unless the Offer Period is extended) at the address stated on the Acceptance Form.

A reply paid return addressed envelope is enclosed for your use.

4.7 Sexyland's discretion regarding incomplete or invalid acceptance

Sexyland may in its absolute discretion determine that any Acceptance Form it receives is a valid acceptance, even if one or more of the requirements set out in the Acceptance Form has not been complied with, but Sexyland may, in its absolute discretion, decide not to dispatch payment to you until:

(a) the irregularity has been resolved; and

(b) the Share certificate (if any), or an acceptable indemnity, and another document required to enable Sexyland to be registered as the holder of your ASC Options, have been given to Sexyland.

5. Application of this Offer

5.1 If another person is entitled to your ASC Options

If, when this Offer is made to you, or at any time during the Offer Period, another person is entitled to be registered as the holder of some or all of your ASC Options (**Transferred Options**) then Sexyland will be taken to have:

(a) made to the other person a corresponding offer for the Transferred Shares;

(b) made you a corresponding offer for your ASC Options except the Transferred Shares; and

(c) withdrawn this Offer.

5.2 If you are a trustee or nominee

If at any time during the Offer Period you are a trustee for or nominee of two or more persons or your ASC Options for some other reason consist of two or more distinct portions within the meaning of section 653B of the Corporations Act, then:

(a) a separate Offer will be taken to have been made to you in relation to each of the distinct portions of your ASC Options; and

(b) an acceptance by you of the Offer for a distinct portion of your ASC Options will be ineffective unless:

   (i) you have given Sexyland a notice, delivered in accordance with clause 5.3, stating that your ASC Options consist of distinct portions; and

   (ii) your acceptance specifies the number of ASC Options in the distinct portions to which the acceptance relates.

5.3 Notice of distinct portions

A notice in accordance with clause 5.2(b) must:

(a) if it relates to ASC Options held in certificated form or in an Issuer Sponsored Holding, be in writing; or

(b) if it relates to ASC Options in a CHESS Holding, be in an electronic form approved by the ASTC Settlement Rules for the purposes of Part 6.8 of the Corporations Act.

6. Effect of acceptance

By initiating acceptance of this Offer through CHESS in accordance with clauses 4.3 and 4.5, or signing and returning an Acceptance Form in accordance with clause 4.6, you will have:

(a) accepted this Offer (and each variation of the Offer (if any) permitted under Part 6.6 of the Corporations Act) for all of your ASC Options specified on your Acceptance Form;

(b) subject to this Offer being declared free from the Conditions (or the Conditions being fulfilled), agreed to transfer all of your ASC Options (**Your Accepted ASC Options**) to Sexyland;

(c) represented and warranted to Sexyland that:

   (i) Your Accepted ASC Options are at the time of acceptance, and will be on registration of the transfer of Your Accepted ASC Options to Sexyland, fully paid up, and Sexyland will acquire good title to them and full beneficial ownership of them free from all mortgages, charges, liens and other encumbrances and restrictions on transfer of any kind; and

(ii) you have full power and capacity to sell and transfer those securities;

(d) irrevocably and unconditionally authorised Sexyland (by its servants or agents) to complete or alter the Acceptance Form on your behalf (and irrevocably and unconditionally appointed Sexyland, its directors, secretaries, officers, servants and agents as your attorney for that purpose) by:

(i) inserting correct details of Your Accepted ASC Options;

(ii) filling in any blanks remaining on the Acceptance Form;

(iii) rectifying any error in or omission from the Acceptance Form; and

(iv) completing and signing on your behalf (or as your attorney) any other instrument or transfer,

as may be necessary to make the Acceptance Form an effective acceptance of this Offer or to enable the registration of the transfer of Your Accepted ASC Options to Sexyland;

(e) if any of Your Accepted ASC Options are held in a CHESS Holding and you have signed an Acceptance Form for them, irrevocably authorised Sexyland (by its servants or agents) to:

(i) instruct your Controlling Participant to initiate acceptance of this Offer for those ASC Options in accordance with the ASTC Settlement Rules; and

(ii) give any other instructions in relation to those ASC Options to your Controlling Participant on your behalf under the Sponsorship Agreement between you and the Controlling Participant;

(f) irrevocably appointed Sexyland and its directors, secretaries and officers jointly and each of them severally as your attorney, with effect from the date this Offer or any contract resulting from the acceptance of this Offer is declared free from all its Conditions or those Conditions are fulfilled, with power to exercise the powers and rights which you could lawfully exercise as the registered holder of all Your Accepted ASC Options including:

(i) requesting ASC to register all Your Accepted ASC Options in the name of Sexyland;

(ii) applying for a replacement certificate in respect of any Option certificate that has been lost of destroyed;

(iii) attending and voting at a meeting of ASC;

(iv) demanding a poll for a vote taken at or proposing or seconding a resolution to be considered at a meeting of ASC;

(v) requesting a meeting of ASC;

(vi) signing any form, notice or instrument relating to all Your Accepted ASC Options; and

(vii) doing all things incidental and ancillary to any of clauses 6(f)(i) to (vi);

and you acknowledge and agree that the attorney may exercise those powers in the interests of Sexyland as the intended registered holder of Your Accepted ASC Options;

(g) agreed not to attend or vote in person at any meeting of ASC, or to exercise or purport to exercise any of the powers conferred on Sexyland and its directors, secretaries and officers in clause 6(f);

(h) irrevocably authorised and directed ASC to pay or account to Sexyland for all Rights, subject to Sexyland accounting to you for any Rights received by it if this Offer is withdrawn or the contract resulting from your acceptance of this Offer is rescinded under clause 8.3 or is rendered void under clause 8.6;

(i) except where Rights have been paid or accounted for under clause 6(h), irrevocably authorised Sexyland to deduct from the consideration payable for Your Accepted ASC Options, the amount or value of all Rights under clauses 7.1 and 7.2;

(j) irrevocably authorised Sexyland to transmit a message to ASTC in accordance with Rule 14.17.1 of the ASTC Settlement Rules so as to enter Your Accepted ASC Options which are in a CHESS Holding to the Takeover Transferee Holding (even if Sexyland has not yet paid the consideration due to you);

(k) agreed to execute all documents, transfers and assurances as may be necessary or desirable to convey Your Accepted ASC Options and Rights to Sexyland; and

(l) agreed to fully indemnify Sexyland in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or your Securityholder Reference Number or in consequence of the transfer of Your Accepted ASC Options to Sexyland being registered to ASC without production of your Holder Identification Number or your Securityholder Reference Number.

7. Dividends and other entitlements

7.1 Cash Rights

If any cash Rights are declared, paid, made, arise or accrue to you as the holder of your ASC Options, Sexyland may reduce the Offer Price by the amount of the Rights, unless the benefit of the Rights is passed to Sexyland under clause 6(h).

7.2 Non-cash Rights

If any non-cash Rights are issued, made, arise or accrue to you as the holder of your ASC Options, Sexyland may reduce the Offer Price by the value (as reasonably determined by Sexyland) of the non-cash Rights, unless the benefit of the Rights is passed on to Sexyland under clause 6(h).

8. Conditions of the Offer

8.1 Conditions subsequent

Subject to clause 8.2, this Offer and a contract resulting from your acceptance of this Offer is subject to the following conditions.

(a) **Minimum acceptance**

Before the end of the Offer Period, Sexyland and its associates have relevant interests in at least 50.1% (by number) of all issued ASC Shares and at least 50.1% (by number) of all issued ASC Options. The minimum acceptance condition that relates to the ASC Options is 50.1% of all of those options in total – it is not determined by reference to each class of the ASC Options.

(b) **Prescribed Occurrences**

That between the Announcement Date and the end of the Offer Period, none of the following occurrences happens:

(i) ASC converts all or any of its shares into a larger or smaller number of shares in accordance with section 245H of the Corporations Act;

(ii) ASC or a Subsidiary of ASC resolves to reduce its share capital in any way;

(iii) ASC or a Subsidiary of ASC enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;

(iv) ASC or a Subsidiary of ASC issues shares, or grants an option over its Shares, or agrees to issue shares or grant an option over its shares, with the exception of any issue of shares as a result of:

(A) the exercise of ASC Options on issue as at the Announcement Date; or

(B) the NREI;

(iv) ASC or a Subsidiary of ASC issues, or agrees to issue, convertible notes;

(v) ASC or a Subsidiary of ASC disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

(vi) ASC or a Subsidiary of ASC charges, or agrees to charge, the whole, or a substantial part, of its business or property;

(vii) ASC or a Subsidiary of ASC resolves to be wound up;

(viii) a liquidator or provisional liquidator of ASC or a Subsidiary of ASC is appointed;

(ix) a court makes an order for the winding up of ASC or of a Subsidiary of ASC;

(x) an administrator of ASC, or of a Subsidiary of ASC, is appointed under section 436A, 436B or 436C of the Corporations Act;

(xi) ASC or a Subsidiary of ASC executes a deed of company arrangement;

(xii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of ASC or of a Subsidiary of ASC.

8.2 Declaration of Offer being free from Conditions

(a) Sexyland may, subject to the Corporations Act, declare this Offer and all other Offers and all contracts resulting from the acceptance of Offers free from the Conditions (or any one or more or any part of them).

(b) Subject to compliance with sections 630 and 650F of the Corporations Act, a declaration made under this clause 8.2 must be made by Sexyland by notice in writing to ASC:

(i) in the case of Conditions relating to the happening of a Prescribed Occurrence, as defined in clause 8.1(b), not later than 3 Business Days (as defined in the Corporations Act) after the end of the Offer Period; and

(ii) in any other case, not less than 7 days before the end of the Offer Period.

8.3 Breach of Conditions

Each of the Conditions is a condition subsequent and does not prevent a contract to sell your ASC Options resulting from an acceptance of this Offer. However, if a Condition is breached or not fulfilled, Sexyland may by notice in writing to you to rescind that contract as if that contract had not been formed.

8.4 Benefit of Conditions

Subject to the Corporations Act:

(a) Sexyland alone has the benefit of the Conditions;

(b) a breach or non-fulfillment of any of the Conditions may be relied on only by Sexyland; and

(c) Sexyland may, at its sole discretion, waive the breach or non-fulfillment of all or any of the Conditions.

Each condition in clause 8.1 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

8.5 Status notice

The date for giving the notice referred to in section 630(1) of the Corporations Act relating to the status of the Conditions is 28 January 2010. This date may be extended in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.

8.6 Void contracts

If at the end of the Offer Period in respect of each Condition:

(a) Sexyland has not declared this Offer and all contracts resulting from the acceptance of Offers free from the Condition; and

(b) the Condition has not been fulfilled,

all contracts resulting from the acceptance of Offers and all Offers that have been accepted from whose acceptance binding contracts have not yet resulted will be void. In that event Sexyland will, if you have accepted this Offer, return at your risk your Acceptance Form together with all documents forwarded by you with the Acceptance Form to your address shown in the Acceptance Form.

9. Withdrawal

Sexyland may withdraw this Offer at any time with the written consent of ASIC. That consent may be given subject to any conditions specified in the consent.

If, at the time this Offer is withdrawn, all the conditions of clause 8.1 have been fulfilled or waived, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in clause 8.1, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).

10. Variation

10.1 Sexyland's entitlement

Sexyland may at any time before the end of the Offer Period vary this Offer in accordance with the Corporations Act:

(a) by extending the Offer Period;

(b) by increasing the consideration payable under the Offer; and

(c) with the written consent of ASIC, and subject to any conditions specified by ASIC in that consent, in the manner that ASIC permits.

10.2 Extension of Offer Period

If Sexyland extends the Offer Period, you will receive notice of the extension, unless, at the date of the extension, you have already accepted this Offer and the Offer has become free from the Conditions or the Conditions have been fulfilled.

11. Costs

All costs and expenses of the preparation of this bidder's statement and any stamp duty payable on the transfer of ASC Options for which Offers are accepted, will be paid by Sexyland.

12. Notices

12.1 Service on ASC

Sexyland may give a notice to ASC under the Bid by leaving it at, or sending it by prepaid ordinary post to, the registered office of ASC.

12.2 Service on Sexyland

You or ASC may give a notice to Sexyland under the Bid by leaving it at or sending it by prepaid ordinary post to Sexyland at the address set out in the Acceptance Form.

12.3 Service on you

Sexyland may give a notice to you under the Bid by leaving it at or sending it by prepaid ordinary post or by airmail (if your address is outside Australia), to your address given to Sexyland by ASC under section 641 of the Corporations Act.

Part 3 - Glossary and interpretation

1. Glossary

In this bidder's statement:

Acceptance Form means the form of acceptance and transfer enclosed with this bidder's statement and which forms part of this Offer.

Announcement Date means 8 October 2009 being the date of Sexyland's announcement of its intention to make the Bid.

ASC means Adultshop.com Limited ACN 009 147 924.

ASC Group means ASC and each of its Subsidiaries.

ASC Option means an option to acquire by way of issue an ASC Share granted by ASC and existing at the Record Date.

ASC Optionholder or **Optionholder** means a holder of one or more ASC Options.

ASC Share or **Share** means a fully paid ordinary share in the capital of ASC.

ASC Shareholder or **Shareholder** means a holder of one or more ASC Shares.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited.

ASTC Settlement Rules means the settlement rules issued by ASTC.

ASX means ASX Limited trading as the Australian Securities Exchange.

Bid means the off-market bid constituted by the Offer.

Business Day means a day that is not a Saturday, Sunday or public holiday or bank holiday in Perth, Australia.

CHESS means the Clearing House Electronic Subregister System established and operated by ASTC.

CHESS Holding means a holding of ASC Options on the CHESS Subregister of ASC (usually a CHESS holding will be through a Controlling Participant).

Conditions means the conditions of the Offer set out in clause 8.1 of Part 2.

Controlling Participant means, in relation to ASC Options in a CHESS Holding, the Participant with whom the holder has a sponsorship agreement as defined in the ASTC Settlement Rules (usually, your broker).

Corporations Act means the *Corporations Act 2001* (Cth).

GSX means German Stock Exchange.

Issuer Sponsored Holding has the meaning given to that term in the ASTC Settlement Rules

Listed Option means an option to acquire one or more listed options exercisable at $0.008 and expiring 31 December 2011.

Listed Optionholder means a holder of one or more Listed Options.

Listing Rules means the official listing rules of ASX.

NREI means the non-renounceable entitlement offer of shares and free attaching options on the basis of two shares and one option for every two shares held in ASC at the relevant record date, as announced by ASC on 17 September 2009.

Offer means the offer contained in clause 1.1 of Part 2.

Offer Date means 7 December 2009.

Offer Period means the period referred to in clause 1.4 of Part 2.

Offer Price means the price referred to in clause 2.1 of Part 2.

Offers means the offers referred to in clause 1.2 of Part 2.

Participant has the meaning given to that term in the ASTC Settlement Rules.

Prescribed Occurrence means an occurrence listed in clause 8.1(b) of Part 2.

Record Date means 9 November 2009.

Rights means all accretions and rights that accrue to or arise from ASC Options after the date the original bidder's statement was lodged with ASIC, including without limitation all rights to receive dividends, to receive or subscribe for shares, notes, options or other securities and all other distributions or entitlements declared, paid, made or issued by ASC after that date.

Series A Employee Option means an ASC Option issued to eligible employees under ASC's Employee Incentive Scheme that are exercisable at $0.047 from 3 January and expiring on 3 January 2012.

Series A Employee Optionholder means a holder of one or more Series A Employee Options.

Series B Employee Option means an ASC Option issued to eligible employees under ASC's Employee Incentive Scheme that are exercisable at $0.067 from 3 January and expiring on 3 January 2012.

Series B Employee Optionholder means a holder of one or more Series B Employee Options.

Series C Employee Option means an ASC Option issued to eligible employees under ASC's Employee Incentive Scheme that are exercisable at $0.087 from 3 January and expiring on 3 January 2012.

Series C Employee Optionholder means a holder of one or more Series C Employee Options.

Sexyland means Sexyland Australia Pty Limited ACN 009 522 933.

Sponsorship Agreement has the meaning given to it in the ASTC Settlement Rules.

Subsidiary has the meaning given to it in the Corporations Act.

Takeover Transferee Holding has the meaning given to that term in the ASTC Settlement Rules

Your Accepted ASC Options has the meaning given in clause 6(b) of Part 2.

2. Interpretation

In this bidder's statement, except where the context otherwise requires:

(a) the singular includes the plural and vice versa and a gender includes other genders;

(b) another grammatical form of a defined word or expression has a corresponding meaning;

(c) a reference a to person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;

(d) a reference in Part 1 of this bidder's statement to a clause, paragraph or part is a to a clause, paragraph or part in Part 1 of this bidder's statement;

(e) a reference in Part 2 of this bidder's statement to a clause, paragraph or part is to a clause, paragraph or part of Part 2 of this bidder's statement;

(f) a reference in Part 1 of this bidder's statement to an annexure is to an annexure of this bidder's statement, and a reference to this bidder's statement includes its annexures;

(g) a reference to A$, $A, dollars, $ or cents is to Australian currency;

(h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them; and

(i) a word or phrase defined in the Corporations Act, the Listing Rules or the ASTC Settlement Rules has the meaning given to it in that Act or those rules.

3. Headings

Headings are for ease of reference only and do not affect interpretation.

~~ME_83275209_7 (W2003)~~
ME_83761509_1 (W2003)

Corporate Directory

Sole director

Mr Angelo Abela

Registered office

1562 Centre Road
Springvale Victoria 3171
Australia

Corporate advisers

Harbury Capital Corporate Advisers
Level 23, HWT Tower
40 City Road
Southbank Victoria 3006
Australia

Legal advisers

Minter Ellison Lawyers
Rialto Towers
525 Collins Street
Melbourne Victoria 3000
Australia

Offer registrar

Registries Limited
Level 7
207 Kent Road
Sydney New South Wales 2000
Australia

Signing page

DATED 3 December 2009

Signed on behalf of Sexyland Australia Pty Limited in accordance with a resolution of the directors of Sexyland Australia Pty Limited dated 6 November 2009.

Mr Angelo Abela
Managing Director Sexyland Australia Pty Ltd

Annexure A

(clause 7.3 of Part 1)

ASC's Annual Financial Report for the year ended 30 June 2009

Annexure to Bidder's Statement

]

Annexure B

(clause 7.5 of Part 1)

ASC's announcements to ASX made after 30 September 2009

Annexure to Bidder's Statement

BIDDER'S STATEMENT

CASH OFFER

BY

SEXYLAND AUSTRALIA PTY LTD ACN 099 522 933

('SEXYLAND')

to acquire all your options in

ADULTSHOP.COM LIMITED ACN 009 147 924 ('ASC')

Sexyland is offering $0.0006 for each option in ASC. **The Offer is dated ~~[#]~~ 7 December 2009 and expires at 5.00pm (Perth time) on ~~[#] 2009~~ 28 January 2010, unless withdrawn or extended.**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to how to deal with this document or the Offer contained in it, please consult your financial or other professional adviser.

If you have any questions about the Offer or this document call the 'Sexyland Offer Information Line' on 1300 733 145 (local call cost) from within Australia or +612 8256 3362 (normal call charges apply) from outside Australia.

CORPORATE ADVISER TO SEXYLAND

HARBURY CAPITAL

Bidder's statement

Important information 5

Letter from Sexyland Australia Pty Limited 7

Summary of the Offer and how to accept 10

Reasons why you should accept the Offer 13

1. Summary 13
2. Price: Offer represents an attractive premium 14
3. You will receive cash 17
4. Illiquidity: the Offer provides an opportunity to exit your investment in an illiquid stock 18
5. The historic trading performance of ASC has been poor 19
6. Uncertain strategic direction and future of ASC 20

Part 1 - Statutory information 21

1. Introduction to Sexyland 21
2. Sexyland's interest in ASC Options 21
3. Dealings in ASC Options 22
4. How cash consideration will be provided 22
5. Sexyland's intentions regarding ASC's businesses, assets and employees 23
6. Australian tax considerations 26
7. Other material information 28

Part 2 - Terms of the Offer 30

1. Offer 30
2. Price 31
3. Offer period 32
4. How to accept 32
5. Application of this Offer 34
6. Effect of acceptance 34
7. Dividends and other entitlements 36
8. Conditions of the Offer 36
9. Withdrawal 38
10. Variation 38
11. Costs 39
12. Notices 39

Part 3 - Glossary and interpretation 40

1. Glossary 40
2. Interpretation 41
3. Headings 42

Corporate Directory 43

Important information

Important dates

Original b~~B~~idder's statement lodged with ASIC	6 November 2009
This replacement bidder's statement lodged with ASIC	3 December 2009
Date of this bidder's statement	~~6~~ 3 ~~Nov~~December 2009
Record Date	9 November 2009
Date Offer is made	~~[#]~~ 7 December 2009
Offer ends, unless extended or withdrawn ~~2009~~	5.00pm (Perth time) on 28 January 2010~~[#]~~

Defined terms

Defined terms are used in this document. A glossary is set out in Part 3 of this document.

Investment decisions

This document does not take into account the individual investment objectives, financial situation or particular needs of any specific ASC Optionholder or any other person.

ASC Optionholders are encouraged to seek independent financial and taxation advice before deciding whether to accept the Offer.

Forward looking statements

This bidder's statement may include certain forward looking statements that have been based on current expectations about future events. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward looking statements. These factors may include matters not yet known to Sexyland or not currently considered by it to be material.

Disclaimer as to ASC information

The information on ASC and ASC's securities contained in this bidder's statement has been prepared by Sexyland using publicly available information. Information in this bidder's statement concerning ASC's business has not been independently verified by Sexyland. Accordingly Sexyland does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

Further information relating to ASC's business may be included in ASC's Target's Statement which ASC must provide to ASC Optionholders in response to this bidder's statement.

Privacy statement

Sexyland will collect personal information about ASC Optionholders' holdings of ASC Options in accordance with the Corporations Act. Sexyland will share that personal information with its advisers and service providers only to the extent necessary for purposes relating to the Offer. ASC Optionholders can contact ASC's share registry, Advanced Share Registry Services, on (08) 9389 8033, if they have questions about their personal information.

No internet site is part of this bidder's statement

Sexyland maintains an internet site at www.sexyland.com.au. Information contained in or otherwise accessible through this internet site is not a part of this bidder's statement. Any references in this bidder's statement to the internet site are textual references for your information only.

Bidder's statement

This document is a bidder's statement dated ~~6~~3 ~~Nov~~December 2009. It includes an Offer dated 7 December~~[#]~~2009. It replaces the original bidder's statement lodged with ASIC on 6 November 2009.

A copy of this bidder's statement was lodged with ASIC on ~~6~~3 ~~Nov~~December 2009. ASIC and ASX take no responsibility for the content of this bidder's statement.

Letter from Sexyland Australia Pty Limited

6 November 2009

Dear ASC Optionholder

I am pleased to enclose the all cash offer made by Sexyland Australia Pty Ltd (**Sexyland**) to acquire all of your options in Adultshop.com Limited (**ASC**) at a price of $0.0006 (0.06 cents) per option (**Offer**).

The Offer represents an attractive price for ASC Optionholders to realise their Options.

In conjunction with the Offer, Sexyland has also made a takeover offer for all of the shares in ASC at an offer price of $0.0084 per share, which represents a premium of approximately 40% to the volume weighted average price (**VWAP**) of ASC Shares for the period of approximately 9 months from 1 January 2009 and 6 October 2009 (being the day before Sexyland announced its intention to make the Offer).

The Offer constitutes a premium to recent measures of ASC's market capitalisation:

ASC market capitalisation	Sexyland Offer	Premium (%)
$2.3 million * (based on 60 day VWAP)	$4 million *	73.9
$3.1 million * (as at 7 October 2009)	$4 million *	29.0

* These figures do not include the $1.2 million raised pursuant to ASC's recent non-renounceable entitlement issue.

Who is Sexyland?

Sexyland is an Australian company that is privately owned. Sexyland owns and operates a Melbourne-based chain of female-friendly adult department stores that seeks to provide a place where women, men, couples and friends can shop together in a relaxed and professional environment. Further information about Sexyland's business can be found on its website at www.sexyland.com.au.

About the Offer

Sexyland is offering to purchase your ASC Options at a price of $0.0006 per option in cash.

The ASC Options fall into four separate classes and each class will be the subject of a separate offer by Sexyland – but all offers will be priced at $0.0006 per ASC Option. Sexyland also has made a separate offer to ASC Shareholders to acquire all ASC Shares for an offer price of $0.0084 per share.

Sexyland's Offer is conditional on the receipt of acceptances that will result in Sexyland and its associates having a relevant interest in at least 50.1% of all issued ASC Shares and at least 50.1% of all issued ASC Options. The minimum acceptance condition that relates to the ASC Options is 50.1% of all of those options in total – it is not determined by reference to each class of the ASC Options.

Other conditions of the Offer are summarised in the next section of this bidder's statement titled 'Summary of the Offer and how to accept' and are set out in full in clause 8.1 of Part 2 of this bidder's statement.

Reasons why you should accept the Offer

Sexyland believes that there are a number of reasons why you should accept our Offer.

Sexyland's Offer Price represents an attractive price for your options

Our Offer provides ASC Optionholders with an opportunity to realise their ASC Options at an attractive price. Our Offer also allows ASC Shareholders to realise an illiquid investment quickly and easily for cash.

The Offer provides an opportunity to realise a cash price for your options rather than face ongoing uncertainty as an Optionholder of ASC

Since ASC was listed in 1999:

- ASC's market capitalisation decreased from over $600 million in December 1999 to approximately $3.1 million in October 2009;
- ASC has accumulated pre-tax losses of continuing operations of approximately $7.8 million over the past 5 years while revenue for the same period has remained reasonably consistent; and
- ASC has never paid a dividend.

Sexyland believes that the strategic direction for ASC is unclear. While the directors of ASC have said they are intending to review new opportunities for the company, including those in the technology, industrial and resources sectors, it is not possible to assess whether the directors and management have the relevant skills and experience in any of these areas that they may choose for ASC to pursue.

Further details on why you should accept Sexyland's Offer are set out in this~~e~~ ~~Bidder's~~ bidder's ~~Statement~~ statement in which this letter is contained.

Close of the Offer

I strongly encourage you to accept this compelling Offer which is scheduled to close at 5.00pm (Perth time) on 28~~[#] 2009~~ January 2010, unless extended. To accept the Offer, please follow the instructions on the enclosed Acceptance Form.

I also encourage you to read this~~e~~ b~~B~~idder's s~~S~~tatement in which this letter is contained for more details about the Offer and about Sexyland.

If you accept the Offer and it becomes unconditional, you will receive consideration for your ASC Options in cash within seven working days and you will not incur any brokerage or stamp duty.

Queries

If you have any additional queries in relation to the Offer or you would like additional copies of this ~~Bidder's~~ bidder's s~~S~~tatement or the Acceptance From, please call the 'Sexyland Offer Information Line' on 1300 733 145 (local call cost) from within Australia or +612 8256 3362 (normal call charges apply) from outside Australia or consult your legal, financial or other professional adviser. This letter does not take into account individual investment objectives, financial situation or particular needs of any specific ASC member or any other person. All members are encouraged to seek independent financial and taxation advice before deciding whether to accept the Offer.

Yours faithfully

Angelo Abela
Managing Director
Sexyland Australia Pty Ltd

Summary of the Offer and how to accept

This summary gives an overview of the Offer. You should read this document in full before deciding whether to accept the Offer.

The Offer

Sexyland is offering to acquire all ASC Options of which you are the registered holder on the Record Date. You many only accept the Offer in respect of all of your ASC Options.

Note that Sexyland is making separate offers to holders of each class of ASC Options to acquire all ASC Options for an offer price of $0.0006 for each ASC Option and to holders of ASC Shares to acquire all ASC Shares for an offer price of $0.0084 for each ASC Share and otherwise on terms comparable to the Offer, subject to the same conditions as apply to the Offer.

This Bidder's Statement contains individual offers in respect of each of the following classes of Options:

(a) unlisted Series A Employee Options exercisable at $0.047 and expiring 3 January 2012;

(b) unlisted Series B Employee Options exercisable at $0.067 and expiring 3 January 2012;

(c) unlisted Series C Employee Options exercisable at $0.087 and expiring 3 January 2012; and

(d) Listed Options exercisable at $0.008 and expiring 31 December 2011.

Each offer is made on the terms set out in this Bidder's Statement. Notwithstanding that this document contains four offers in relation to four classes of options, this document is to be read as one single offer document in respect of each class of Options.

Offer Price

$0.0006 for each ASC Option

How to Accept – Listed Optionholders

Your acceptance must be received before the end of the Offer Period (5.00pm (Perth time) on ~~[#]~~ 28 January 2010~~2009~~, unless the Offer Period is extended). Depending on the nature of your holding, you may accept the Offer in the following ways.

CHESS Holding

If your ASC Options are in a CHESS Holding:

- complete the enclosed Acceptance Form in accordance with the instructions on the form and send it in the enclosed reply paid envelope to the address below; or
- instruct your CHESS Controlling Participant to initiate acceptance of the Offer.

Participant

If you are a Participant, initiate acceptance of the Offer in accordance with the ASTC Settlement Rules.

Issuer Sponsored Holding

If your ASC Options are in an Issuer Sponsored Holding:

- complete the enclosed Acceptance Form in accordance with the instructions on the form; and

- send it with any other documents required by the instructions on the Acceptance Form in the enclosed reply paid envelope to the address below.

An Acceptance Form accompanies this bidder's statement. The enclosed Acceptance Form is the one you should use in relation to your ASC Options.

How to Accept – Series A Employee Optionholders, Series B Employee Optionholders and Series C Employee Optionholders

Your acceptance must be received before the end of the Offer Period (5.00pm (Perth time) on ~~[#]~~ 28 January 2010~~2009~~, unless the Offer Period is extended). You may accept the Offer by:

- completing the enclosed Acceptance Form in accordance with the instructions on the form; and
- send it with your ASC Option certificates (if any) and all other documents required by the instructions on the Acceptance Form in the enclosed reply paid envelope to the address below.

Send your Acceptance Form

Send your Acceptance Form and other documents required by the instructions on the Acceptance Form (if any) to:

Post: Registries Limited
GPO Box 3993
Sydney NSW 2001

Delivery: Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Closing Date

The Offer is scheduled to close at 5.00pm (Perth time) on ~~[#] 2009~~28 January 2010.

Conditions of the Offer

The Offer is subject to the conditions in clause 8.1 of Part 2 of this~~e~~ ~~Bidder's~~ bidder's ~~Statement~~statement. The following is a summary of those conditions. You should read the conditions in full.

1. Sexyland and its associates have relevant interests in at least 50.1% (by number) of all ASC Shares and in at least 50.1% (by number) of all ASC Options (in aggregate, in all classes of options and not 50.1% of each class of ASC Options); and
2. no Prescribed Occurrence occurs.

Sexyland may choose to waive any or all of these conditions in accordance with the Offer and the Corporations Act.

When you will be paid

Generally, Sexyland will pay the consideration due to you under the Offer on or before seven Business Days after the later of:

(a) the date you accept the Offer (and return any documents required with your acceptance); and

(b) the date on which the Offer becomes unconditional.

No brokerage or stamp duty

You will not pay brokerage or any stamp duty if you accept the Offer.

Further Information

If you have any questions about how to accept the Offer, or the Offer generally, please call the 'Sexyland Offer Information Line' on 1300 733 145 (local call cost) from within Australia or +612 8256 3362 (normal call charges apply) from outside Australia.

Please note that calls may be recorded.

Reasons why you should accept the Offer

1. Summary

1.1 Price

(a) The offer represents a fair price for your ASC Options.

(b) Sexyland believes that ASC's share price may fall below the volume weighted average price referred to at clause 2 below if the Offer and the takeover offer for ASC Shares fails, which may affect the value of your ASC Options.

1.2 Cash

You will receive an attractive cash consideration for your investment. This gives you certainty and allows you to realise your ASC Options quickly and easily, subject to the Conditions being satisfied or appropriately waived.

1.3 Illiquidity

The Offer provides members of ASC with an opportunity to exit their investment in this relatively illiquid stock, subject to the Conditions being satisfied or appropriately waived.

1.4 Poor operating results

The historical operating results of ASC are poor, including pre-tax losses for continued operations in each of the last five years and there appears to be no clear plan or basis on which this will change.

1.5 Uncertain strategic direction and future of ASC

(a) The Managing Director of ASC, Mr Malcolm Day, has been publicly quoted as saying "In reality, it's not in the best interests of shareholders for the business of AdultShop.com to continue as a public company, so we've got to look at other alternatives" (*Perth Now,* 12 September 2009).

(b) Various actions by the directors of ASC, including challenges to the regulatory environment of the industry, in Sexyland's opinion, call into question the historical strategy adopted by the directors of ASC.

(c) Sexyland does not believe that directors of ASC are in a position to be able to adopt and implement a more meaningful and value accretive strategy for ASC in the future.

2. Price: Offer represents an attractive premium

Sexyland's all cash Offer of $0.0006 per ASC Option represents an attractive price.

2.1 Series A Employee Optionholders

Your Series A Employee Options are exercisable at $0.047 per option. The closing price of ASC Shares on 4 November 2009 (being the day two days before the date ~~of~~ the original ~~this~~ b~~B~~idder's ~~Statement~~statement (which this bidder's statement replaces) was lodged with ASIC) was $0.008. Therefore, as at that~~e~~ date~~ of this Bidder's Statement~~, your Series A Employee Options ~~a~~were significantly 'out of the money~~.~~'. This means exercising your Series A Employee Options ~~will~~would have required you to pay an amount per ASC Share that is more than the amount you could ~~subsequently~~then sell them for on market.

2.2 Series B Employee Optionholders

Your Series B Employee Options are exercisable at $0.067 per option. The closing price of ASC Shares on 4 November 2009 (being the day two days before the date ~~of~~ the original~~is B~~ bidder's ~~S~~statement (which this bidder's statement replaces) was lodged with ASIC) was $0.008. Therefore, as at that~~e~~ date~~ of this Bidder's Statement~~, your Series B Employee Options ~~a~~were significantly 'out of the money~~.~~'. This means exercising your Series B Employee Options ~~will~~would have required you to pay an amount per ASC Share that is more than the amount you could ~~subsequently~~then sell them for on market.

2.3 Series C Employee Optionholders

Your Series C Employee Options are exercisable at $0.087 per option. The closing price of ASC Shares on 4 November 2009 (being the day two days before the date ~~of~~ the original~~is B~~ bidder's ~~S~~statement (which this bidder's statement replaces) was lodged with ASIC) was $0.008. Therefore, as at that~~e~~ date~~ of this Bidder's Statement~~, your Series C Employee Options ~~a~~were significantly 'out of the money~~.~~'. This means exercising your Series C Employee Options ~~will~~would have required you to pay an amount per ASC Share that is more than the amount you could ~~subsequently~~then sell them for on market.

2.4 Listed Optionholders

Your Options are exercisable at $0.008 per option. The closing price of ASC Shares on 4 November 2009 (being the day two days before the date the original bidder's statement (which this bidder's statement replaces) was lodged with ASIC~~before the date of this Bidder's Statement~~) was $0.008. Therefore, as at 4 November 2009, your Options ~~a~~were 'at the money~~.~~'. This means exercising your Options ~~will~~would have required you to pay an amount per ASC Share that is equal to the amount you could ~~subsequently~~then sell them for on market.

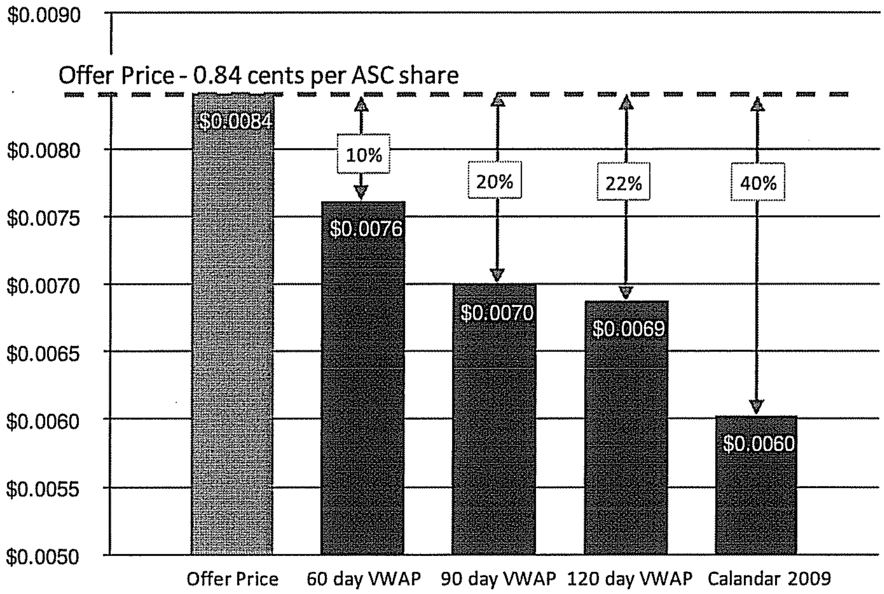
Sexyland's separate offer to ASC Shareholders is to acquire all ASC Shares for an offer price of $0.0084 per ASC Share, which is a $0.0004 premium on the closing price of ASC Shares on 4 November 2009.

2.5 Attractive premium

Sexyland's separate offer to ASC Shareholders to acquire all ASC Shares for an offer price of $0.0084 per ASC Share is at an attractive premium to the level at which ASC Shares have been recently trading. For example our Offer is at a:

- 5% premium to the closing price of ASC Shares two days before the date the original bidder's statement (which this bidder's statement replaces) was lodged with ASIC~~before the date of this Bidder's Statement~~, being 4 November 2009;

- 10% premium to the volume weighted average price of ASC Shares for the 60 days up to and including the day before Sexyland announced the Offer, being 7 October 2009;
- 20% premium to the volume weighted average price of ASC Shares for the 90 days up to and including 7 October 2009;
- 22% premium to the volume weighted average price of ASC Shares for the 120 days up to and including 7 October 2009; and
- 40% premium to the volume weighted average price of ASC Shares for the calendar year



2009 up to and including 7 October 2009.

The chart below illustrates the premium being offered by Sexyland relative to the trading prices of ASC Shares prior to announcement of Sexyland's intention to make the Offer.

On 7 October 2009, the day immediately prior to Sexyland announcing its intention to make an offer, ASC's market capitalisation was approximately $3.1 million.

However, for the 60 days ended 7 October 2009, the volume weighted average market capitalisation was approximately $2.3 million.

Notwithstanding the funds raised pursuant to ASC's recent non-renounceable entitlement issue, the Offer is at a premium to certain measures of ASC's market capitalisation:

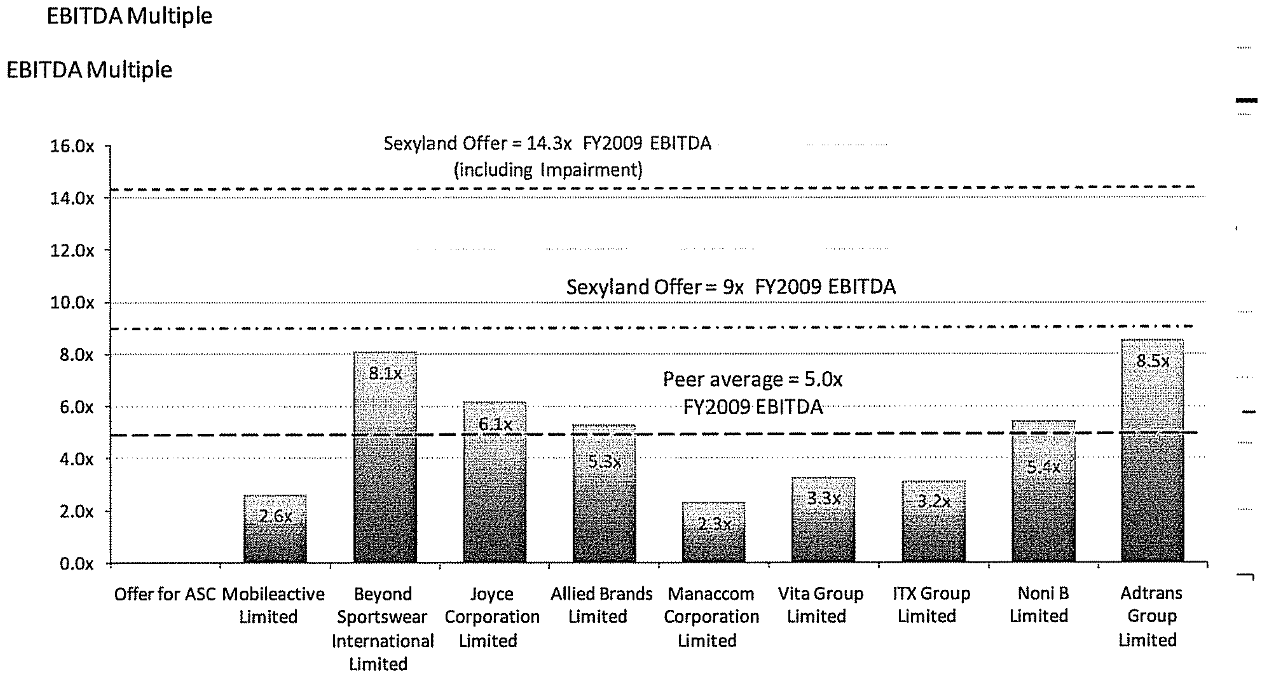
ASC market capitalisation	Sexyland Offer	Premium (%)
$2.3 million * (based on 60 day VWAP)	$4 million *	73.9
$3.1 million * (as at 7 October 2009)	$4 million *	29.0

* These figures do not include the $1.2 million raised pursuant to ASC's recent non-renounceable entitlement issue.

Sexyland's Offer represents a significant multiple of ASC's recent earnings

ASC's reported FY2009 EBITDA[1] is in the order of $593,865, which is before impairment charges of approximately $226,000. Sexyland's Offer values ASC at approximately $5.2 million (including the $1.2 million raised pursuant to ASC's recent NREI). Accordingly, this offer value implies a multiple of 9x this measure of EBITDA, which reflects a significant premium to the average multiples of a range of potentially comparable similarly sized ASX-listed companies in the retail sector. ~~This offer value implies an FY2009 EBITDA[1] multiple of 14.3x, which reflects a significant premium to the average multiples of a range of potentially comparable similarly sized ASX-listed companies in the retail sector.~~

FY2009 EBITDA multiples[2]



Market cap. ($m)*	5.0	7.0	10.1	26.3	17.6	32.5	45.5	35.6	72.8
FY2009 Revenue ($m)	12.0	30.8	15.2	39.7	58.4	288.9	146.3	130.7	683.6
Retail sector	Catalogue & internet order	Specialty retail	Specialty retail	Department stores	Computers & electr-onics	Electr-onics	Computer & electr-onics	Apparel & access-ories	Specialty retail

* as at 7 October 2009

ASC's FY2009 impairment charges are in the order of $226,000. If these impairment charges are included, ASC's FY2009 EBITDA is reduced to be an amount in the order of $367,865. This offer value implies a multiple of 14.3x this measure of FY2009 EBITDA, which is also a significant premium to the average multiples of a range of potentially comparable similarly sized ASX-listed companies in the retail sector.

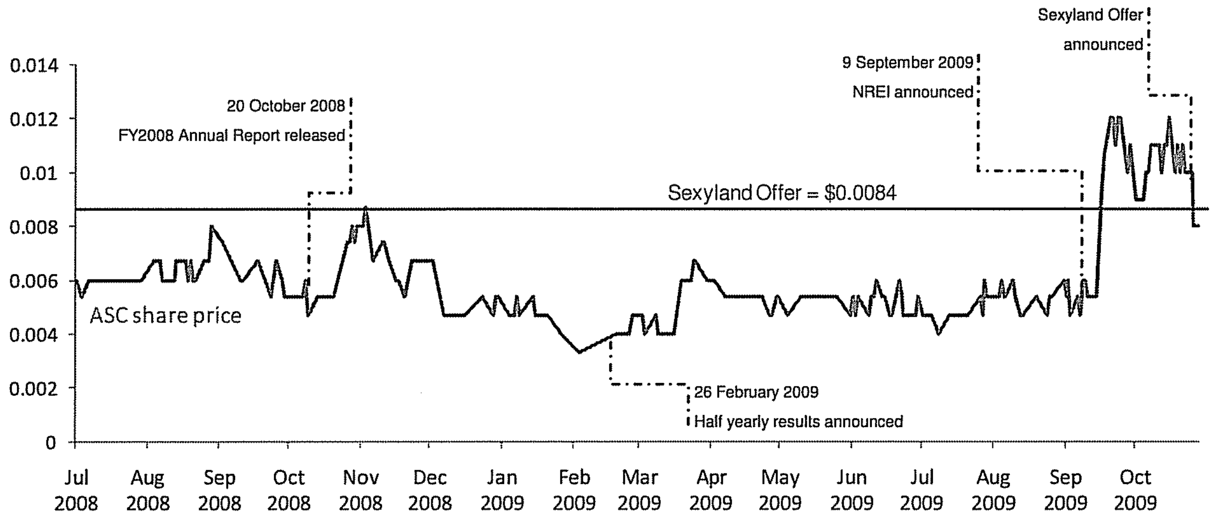
Impairment charges are normally non-recurring in nature. ASC has reported the following impairment charges in each of the past 3 years:

[1] EBITDA = Earnings Before Interest, Tax, Depreciation and Amortisation
[2] Based on reported FY2009 EBITDA; share prices (except for ASC) as at 7 October 2009

$'000	FY07	FY08	FY09
Impairment Charges	200	300	226

Sexyland believes that ASC's share price may fall below the 120-day volume weighted average price if the Offer fails.

Sexyland expects that the issue of shares (and options) under the NREI will have a dilutive effect on ASC Shares. The NREI was offered on a '1 for 1' basis, thereby doubling the number of shares on issue from 306,796,528 to 613,593,056. As the volume weighted average price of ASC Shares for the 120 days up to and including 7 October 2009 was $0.0069 per share and the NREI occurred at $0.004 per share, Sexyland believes that ASC's share price may fall below that volume weighted average price as a result of the NREI.



3. You will receive cash

The Offer (which is a cash offer) provides a certain outcome for ASC Optionholders in a period of economic and equity market uncertainty, subject to the Conditions being satisfied or appropriately waived. Further, subject to the Conditions being satisfied or appropriately waived, the Offer allows Shareholders to realise their shares quickly and easily and ends their exposure to what appears to be an uncertain future for ASC.

The cash consideration payable under the Offer will be available to Sexyland from an undrawn committed bank facility from Bendigo and Adelaide Bank Limited.

By accepting the Offer, subject to the Conditions being satisfied or appropriately waived, you will not incur the brokerage, stamp duty and other costs that are normally associated with share transactions exiting your investment on-market.

4. Illiquidity: the Offer provides an opportunity to exit your investment in an illiquid stock

Series A Employee Options, Series B Employee Options and Series C Employee Options are unlisted and are not traded on any market, and are an option to acquire an ASC Share which has relatively low liquidity.

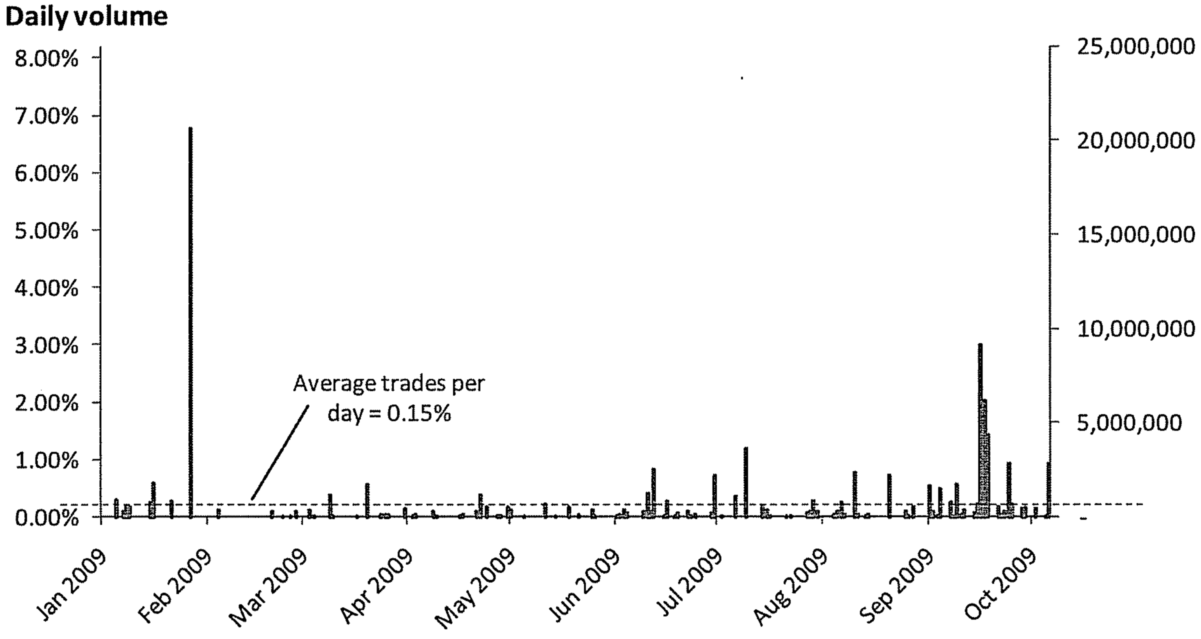
As they are unlisted and not traded, it is likely to be difficult to trade your Series A Employee Options, Series B Employee Options and Series C Employee Options .The low liquidity of ASC Options suggests that your future ability to exit your investment may be limited. Further, each of your Options are an option to acquire an ASC Share which itself has relatively low liquidity.

Sexyland's Offer represents an opportunity to realise an illiquid investment, in cash and at an attractive price, subject to the Conditions being satisfied or appropriately waived.

The low liquidity of ASC Shares suggests that your future ability to exit your investment may be limited. For the period 1 January 2009 to 7 October 2009, the average daily volume of ASC Shares traded has been 0.15% of the total number of shares on issue. No trades of ASC Shares occurred on 91 of the 200 trading days during this period.

The directors of ASC, together with their associates, hold approximately 39.8% of ASC, which may have an adverse effect on the liquidity of ASC Shares. The directors have stated that they are not relevantly associated with each other. The directors have also stated in an announcement published on the ASX dated 13 October 2009, that they will not be accepting Sexyland's takeover offer on the terms set out in Sexyland's takeover announcement published on the ASX dated 8 October 2009.

The low liquidity of ASC Shares is illustrated below:



Source: IRESS.

Note: Liquidity of ASC Shares from 1 January 2009 to 7 October 2009 measured as the daily turnover as a percentage of total ASC Shares on issue.

5. The historic trading performance of ASC has been poor

The Offer gives ASC Optionholders the opportunity to exit a poorly performing company. Sexyland notes the following regarding ASC's historical performance:

(a) ASC's market capitalisation has decreased from over $600 million in December 1999 to approximately $3.1 million as at 7 October 2009, the day before the date that Sexyland announced its intention to make an Offer. The Offer totals approximately $5.2 million in relation to ASC Shares, and takes account of the effect of the NREI;

(b) ASC's net profit before tax for continuing operations has fallen from a profit of $5.1 million in FY2002 to losses in each financial year from FY2005 to FY2009. ASC has accumulated pre-tax losses for its continued operations of approximately $7.8 million over the last five years (or approximately $5.7 million after adjustments for new accounting standards or subsequent events). However during the same period, as illustrated in the table below, revenues have remained reasonably consistent:

$'000	**FY05**	**FY06**	**FY07**	**FY08**	**FY09**
Revenue	37,695	38,965	38,922	38,538	34,010
Net loss before tax for continued operations	(2,285)	(384)	(1,932)	(2,577)	(601)
				Total losses	**(7,779)**
Net loss before tax for continued operations adjusted for new accounting standards or subsequent events	(1,431)	(160)	(1,932)	(1,604)	(601)
				Total losses	**(5,728)**

(c) ASC has not paid a dividend since its listing in 1999; and

(d) ASC has spent significant amounts pursuing unsuccessful legal challenges against the Office of Film and Literature Classification and the Federal Attorney General in relation to policy changes.

Inadequate return on net tangible assets

In an ASC company announcement dated 13 October 2009, the directors of ASC stated that the net tangible asset backing per ASC Share was 2.4 cents per share (based on the 30 June 2009 audited accounts). Independent experts commonly ascribe a value of a company based on its net realisable value of assets in the following circumstances:

- where a company is not making an adequate return on its assets;
- when a company incurs sustained losses; or
- when liquidation is anticipated or the future prospects of the company are extremely doubtful.

Usually, the net realisable value of the assets of a company is a discount to written down value, includes reasonable costs of undertaking the asset realisation process and assumes the assets are readily saleable.

Sexyland notes the following:

- ASC Shares have not traded at 2.4 cents since 3 September 2007;
- further, for the three years prior to 3 September 2007, the average closing price of ASC Shares was 1.6 cents;

- the ASC directors priced the shares offered pursuant to the NREI at 0.4 per share, which is a discount of approximately 83% to 2.4 cents per share; and
- according to ASC's Balance Sheet as at 30 June 2009, the net tangible assets include inventories of $8.34 million. In Sexyland's experience, inventories in a business of this nature consist predominantly of toys and DVDs, which have a limited shelf life. Stock obsolescence causes the value of these assets to be impaired and an orderly realisation of obsolete inventory items is difficult.

6. Uncertain strategic direction and future of ASC

Mr Malcolm Day, managing director of ASC, has been publicly quoted as saying:

"*In reality, it's not in the best interests of shareholders for the business of AdultShop.com to continue as a public company, so we've got to look at other alternatives.*" (Perth Now, 12 September 2009).

Sexyland believes that the business of ASC should not be listed based on the following reasons:

- ASC Shares are thinly traded and are a highly illiquid stock;
- ASC's market capitalisation is small and is in the 2nd lowest percentile of all ASX-listed companies; and
- ASC incurs significant overheads for a business of its size and nature.

ASC has consistently incurred significant overhead expenses. Over the past five years, 'Unallocated Expenditure' has outweighed the earnings of each division of ASC. Sexyland believes the annual costs set out in the table below, are excessive for a business of ASC's nature and size:

Item	**Cost per annum ($'000)**		
	FY07	**FY08**	**FY09**
Directors' remuneration	794	642	618
Listing fees*	500 +	500 +	500 +
Auditor fees	160	175	160
Totals	**1,454**	**1,317**	**1,278**
Net loss before tax for continued operations	(1,932)	(2,577)#	(601)

*the cost estimated to be associated with maintaining a dual listing on ASX and the German Stock Exchange.

+ this is an estimate only, based on publically available information from ASX and the German Stock Exchange.

(1,604) after adjustments for new accounting standards or subsequent events.

Further, the strategic direction of ASC seems uncertain. The directors of ASC have stated that they intend to use the $1.2 million raised under the NREI for the review and acquisition of new opportunities.

Part 1 - Statutory information

1. Introduction to Sexyland

1.1 Sexyland

The bidder under the Offer is Sexyland.

Sexyland is an Australian proprietary company limited by shares. Sexyland is a chain of female-friendly adult department stores. Operating for over 10 years, Sexyland currently has 11 store locations throughout Melbourne. Sexyland provides a place where women, men, couples and friends can all shop together in a relaxed and professional environment. Further information about Sexyland can be found on its website at www.sexyland.com.au.

Mr Angelo Abela is the sole director of Sexyland and along with associates (being family members and their associated entities, all resident in Australia) beneficially owns all of the issued capital in Sexyland.

Sexyland opened its first store in suburban Melbourne in 2000 and has grown its presence to become Melbourne's premier adult department store. Goods sold by Sexyland include adult toys, lingerie and other clothing and associated adult products.

1.2 Bidder's Statement

This document is a bidder's statement. It contains the formal terms of Sexyland's Offer and other information relevant to your decision whether to accept the Offer. Defined terms in this ~~B~~bidder's ~~S~~statement are capitalised.

A glossary of the defined terms is set out in Part 3.

2. Sexyland's interest in ASC Options

2.1 ASC's issued capital

According to documents lodged by ASC with ASX as at 6 November 2009, the total number of securities in each class of securities of ASC is:

Class of security	Number on issue	Relevant interest of Sexyland in securities immediately before first offer sent
Ordinary shares	613,593,056 (ASC)	Nil
Listed options	153,398,279 (ASCO) Exercise price: $0.008 Expiry date: 31 December 2011	Nil
Unlisted employee options	1,920,000 Series A Employee Options Exercise price: $0.047 Expiry date: 3 January 2012	Nil

Class of security	Number on issue	Relevant interest of Sexyland in securities immediately before first offer sent
	1,920,000 Series B Employee Options	
	Exercise price: $0.067	
	Expiry date: 3 January 2012	
	1,920,000 Series C Employee Options	
	Exercise price: $0.087	
	Expiry date: 3 January 2012	
Total unlisted employee options:	5,760,000	

2.2 Voting power

As at the date of this ~~Bidder's~~ bidder's ~~Statement~~statement, Sexyland's voting power in ASC is 0%.

As at the Offer Date, Sexyland's voting power in ASC is 0%.

2.3 Total number of ASC Shares

If all ASC Options on issue on 6 November 2009 ~~the date of the Bidder's Statement~~ that are exercisable during the Offer Period were exercised and 'converted' into ASC Shares, the total number of ASC Shares that would have been on issue on the date of thi~~se~~se ~~B~~bBidder's ~~Statement~~ statement is 772,751,335.

3. Dealings in ASC Options

3.1 Consideration in previous four months

Neither Sexyland nor any associate of Sexyland has provided, or agreed to provide, consideration for ASC Options under any purchase or agreement during the four months before the date of the bid.

3.2 No benefits given, offered or agreed

Neither Sexyland nor an associate of Sexyland, during the four months before the date of the bid, gave, offered to give or agreed to give a benefit to another person that was likely to induce the other person or an associate to:

(a) accept an offer under the Bid; or

(b) dispose of securities in the bid class,

that was not offered to all holders of securities in the bid class constituted by ASC Options.

4. How cash consideration will be provided

4.1 Cash required if all Offers accepted

The consideration of the ASC Options to which the Offer relates will be satisfied wholly in cash.

If all the Offers are accepted and all offers for ASC Shares made under the Share Offer are accepted (assuming none of the ASC Options convertible into ASC Shares during the Offer Period are exercised and 'converted' into ASC Shares during the Offer Period) Sexyland will be obliged to pay approximately $5,250,000.

If all offers for ASC Shares made under the Share Offer are accepted and assuming all ASC Options convertible into ASC Shares during the Offer Period are exercised and 'converted' into ASC Shares during the Offer Period Sexyland will be obliged to pay approximately $6,500,000.

4.2 Source of funds

The cash consideration payable under the Offer will be available to Sexyland from an undrawn committed bank facility from Bendigo and Adelaide Bank Limited.

The extent to which this facility will be drawn upon will ultimately be determined once the number of ASC Options in relation to which Acceptance Forms have been received is known.

4.3 Terms of facility agreement

In relation to the bank facility referred to in clause 4.2:

(a) Sexyland may draw down on the facility by issuing a draw down notice to Bendigo and Adelaide Bank Limited;

(b) there are no restrictions to draw down or approvals needed to draw down;

(c) the facility has the usual terms or conditions associated with the circumstances of an offer such as the Offer;

(d) no event of default has occurred under the facility that is continuing and has not been waived; and

(e) the facility will not expire while Sexyland has an outstanding obligation to pay for ASC Options acquired by it under the Offers or through a compulsory acquisition of ASC Options under the Corporations Act or an outstanding obligation to pay fees, expenses and duties relating to the acquisition.

The amount of the facility exceeds the maximum amount potentially payable under this Offer, as described in clause 4.1.

5. Sexyland's intentions regarding ASC's businesses, assets and employees

5.1 Introduction

This clause 5 sets out Sexyland's intentions in relation to:

(a) the continuation of the business of ASC;

(b) any major changes to be made to the business of ASC; and

(c) the future employment of the present employees of ASC,

on the basis of information concerning ASC and the circumstances affecting the businesses of ASC that are known to Sexyland at the date of this bidder's statement. Sexyland's intentions referred to in this clause 5 have been formed with reference only to publicly available information, and without the benefit of any detailed review of ASC's businesses. Final decisions on these matters will only be reached after the business review referred to below is completed and in the light of all material facts and circumstances at the relevant time.

Accordingly, the statements set out in this clause 5 are statements of current intention only which may change as new information becomes available or circumstances change including, among other matters, the outcome of the business review referred to below and the outcome of the Offer.

5.2 Intentions on gaining less than 90% of ASC

As at the date of this bidder's statement, Sexyland is not in a position to determine, and has not determined, its intentions should the 50.1% minimum acceptance Condition remain unsatisfied. However, Sexyland reserves its right to declare the Offer free from the 50.1% minimum acceptance Condition, or any other Condition, at any time.

If Sexyland acquires a relevant interest in ASC Shares pursuant to the Offer and the Offer is declared or becomes free of all other Conditions but Sexyland does not become entitled to compulsorily acquire the outstanding ASC Shares, then ASC will be partly owned by Sexyland and, depending on the relevant interests acquired, Sexyland may control ASC and/or ASC may be a partly owned Subsidiary or associated entity of Sexyland. In each such event, Sexyland's current intentions are as set out below.

ASX and GSX listing

Subject to the Corporations Act and the constitution of ASC, Sexyland will consider seeking to delist ASC from ASX and GSX to save the costs associated with listing.

Subject to continued compliance by ASC with the Listing Rules (including sufficient shareholder spread), ASC may maintain its listing on the ASX and GSX, although ASC members should be aware that in this circumstance the liquidity of ASC Shares on (at least) ASX may be materially adversely affected.

If its Offer proceeds, to the extent it is able to do so, Sexyland intends to exercise its rights in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act, permitting it to acquire more ASC Shares.

Directors

After the end of the Offer Period, Sexyland intends, subject to the Corporations Act and the constitution of ASC, to take steps to reconstitute the ASC board so that its nominees are in the majority and are proportionately commensurate to Sexyland's level of control. Sexyland has not made any decision on who would be nominated for appointment to the board of directors of ASC in this case. Sexyland would consider (but not necessarily comply with) the recommendations in the ASX Corporate Governance Guidelines when determining the composition of the board of ASC.

Business review

Sexyland, through its nominees on the ASC board, will propose that ASC pursue an appropriate strategic review of ASC and its business and assets. Sexyland intends, subject to the approval of the board of ASC and to applicable legal principles, to participate in this review.

Sexyland will seek to formulate an optimal strategy in terms of realising value for its investment in ASC. In doing so, Sexyland will keep all of its options open, including the divesting of some or all of ASC's non-core assets. Subject to the results of the proposed strategic review of Adultshop's operations, Sexyland does not currently intend to alter the employment arrangements of Adultshop's employees.

Sexyland does not have sufficient information available to it as at the date of this~~e~~ b~~B~~idder's ~~S~~statement to pre-empt the results of the proposed review, or express a definite opinion on what ASC's future should entail.

Dividend policy

Sexyland notes that ASC has not paid any dividends since listing in 1999. The current intention of Sexyland is not to change the dividend policy of ASC.

In any event, Sexyland does not expect ASC to be in a position to pay dividends for several years.

Further acquisitions of ASC securities

Sexyland is making offers for ASC Options at the same time as the Offer. These offers are set out in a separate bidder's statement which will be issued to the relevant holders of those options.

Sexyland intends to seek to compulsorily acquire any outstanding ASC Options under Chapter 6A of the Corporations Act at the end of the Offer Period, if it becomes entitled to do so.

Other material information

Sexyland is not aware of any other information material to the decision of ASC Optionholders whether to accept the Offer.

5.3 Compulsory acquisition – Intentions for ASC as a wholly owned controlled entity

If, at or before the end of the Offer Period, Sexyland becomes entitled to compulsorily acquire all outstanding ASC Shares, Sexyland's current intentions are as set out below.

The directors of ASC have stated in an announcement published on the ASX dated 13 October 2009, that they will not be accepting Sexyland's takeover offer on the terms set out in Sexyland's takeover announcement published on the ASX dated 8 October 2009. If this remains the case, Sexyland will not be entitled to compulsorily acquire all outstanding ASC Shares.

Acquisition of all ASC Shares on issue

Sexyland intends to acquire all ASC Shares, including any issued or granted after the end of the Offer Period but before Sexyland issues a compulsory acquisition notice. Sexyland will then issue a compulsory acquisition notice in accordance with the Corporations Act. Following that, Sexyland intends to acquire securities that will become ASC Shares due to the conversion of or exercise of rights attached to the securities within six weeks after Sexyland gives the compulsory acquisition notice. Sexyland will also offer to acquire any ASC Shares held by its associates.

Acquisition of all ASC Options

Sexyland intends to seek to compulsorily acquire any outstanding ASC Options under Chapter 6A of the Corporations Act after the end of the Offer Period, if it becomes entitled to do so.

ASX and GSX listing

Sexyland intends to procure the removal of ASC Shares from the official list of ASX and GSX at the conclusion of the compulsory acquisition process.

Directors

Sexyland intends to replace the entire board of ASC with its nominees.

Business review and other matters

Sexyland, through its nominees on the ASC board, will propose that ASC pursue an appropriate strategic review of ASC and its business and assets. Sexyland intends, subject to the approval of the board of ASC and to applicable legal principles, to participate in this review.

Sexyland will seek to formulate an optimal strategy in terms of realising value for its investment in ASC. In doing so, Sexyland will keep all of its options open, including the divesting of some or all of ASC's non-core assets. Subject to the results of the proposed strategic review of Adultshop's operations, Sexyland does not currently intend to alter the employment arrangements of Adultshop's employees.

Sexyland does not have sufficient information available to it as at the date of th~~e~~is ~~B~~bidder's ~~S~~statement to pre-empt the results of the proposed review, or express a definite opinion on what ASC's future should entail.

Other material information

Sexyland is not aware of any other information material to the decision of ASC Optionholders whether to accept the Offer.

6. Australian tax considerations

6.1 Introduction

(a) The following is a general description of the Australian tax consequences for ASC Optionholders of their acceptance of the Offer. The comments set out below are relevant only to those ASC Optionholders who hold their ASC Options(**ASC Interests**) as capital assets for the purpose of investment (and only to that extent) and not in connection with the conduct of a business.

(b) Certain ASC Optionholders (such as those engaged in a business of trading or investment, those who acquired their ASC Interests for the purpose of resale at a profit or those which are banks, insurance companies, tax-exempt organisations, superannuation funds, or persons who acquired their ASC Interests in respect of their employment with ASC) will or may be subject to special or different tax consequences peculiar to their circumstances, and they should accordingly seek specialist advice tailored to those circumstances.

(c) ASC Optionholders who are not resident in Australia for tax purposes should also take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer.

(d) The following description is based on Australian taxation law in effect as at the date of this b~~B~~idder's s~~S~~tatement, but it is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every ASC Optionholder. ASC Optionholders should seek independent professional advice about their own particular circumstances.

6.2 CGT consequences of disposal of ASC Interests by Australian residents

(a) Acceptance of the Offer will involve the disposal by ASC Optionholders of their ASC Interests by way of transfer to Sexyland and will constitute a CGT event at the time of acceptance of the Offer.

(b) A capital gain will arise for an ASC Optionholder from the disposal of their ASC Interests where the capital proceeds exceed the cost base of their ASC Interests. A capital loss will arise where the capital proceeds are less than the reduced cost base of their ASC Interests.

(c) The capital proceeds of the CGT event will be the cash proceeds received by ASC Optionholders in respect of the disposal of their ASC Interests pursuant to the Offer.

(d) The cost base and reduced cost base of the ASC Interests is generally their cost of acquisition. Certain other amounts associated with acquisition and disposal (such as brokerage) that are not deductible to the ASC Optionholders may be added to the cost base.

(e) Capital gains realised and capital losses incurred by an ASC Optionholder in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain may be reduced by any unused capital losses carried forward by an ASC Optionholder from a prior year.

(f) ASC Optionholders who incur net capital losses will not be able to set off that loss against other income for income tax purposes. Rather, that net capital loss must be carried forward to be offset against future capital gains.

(g) The tax consequences for ASC Optionholders from the disposal of their ASC Interests, will depend upon their status and specific circumstances, as outlined below.

Individuals and complying superannuation funds

Individuals and complying superannuation funds may be entitled to a 'CGT discount' in relation to any capital gains made in respect of the disposal of their ASC Interests, provided that the ASC Interests were held for at least 12 months. Broadly, where the CGT discount applies, individuals will be liable for CGT on 50% of any capital gain and complying superannuation funds will be liable for CGT on two-thirds of any capital gain.

If the individual or complying superannuation fund has capital losses, the CGT discount may be applied to the net capital gain after first offsetting all available capital losses.

Companies

ASC Optionholders that are companies are not entitled to the CGT discount in respect of the disposal of their ASC Interests. Any capital gain that a company makes on the disposal of its ASC Interests, to the extent that it is not offset by any capital losses of the company, will be included in its assessable income and subject to tax at the corporate tax rate of 30%.

Trustees

Where ASC Interests are owned by an entity as trustee for a trust, the trustee will be assessable on the net income of the trust, including any capital gain from the disposal of the ASC Interests. Trustees should obtain specific tax advice as to whether they are entitled to obtain the benefit of the 50% CGT discount.

Where beneficiaries are presently entitled to the income of a trust, the net capital gain for the trust is determined with the benefit of the 50% CGT discount where the ASC Interests have been held for at least 12 months. Upon distribution by the trustee, the net capital gain would be grossed up to 100% in the hands of the beneficiaries. Beneficiaries that are individuals or complying superannuation funds should then be entitled to the 50% CGT discount for individuals and the one-third CGT discount for complying superannuation funds in respect of the disposal of the ASC Interests by the trust. Beneficiaries that are companies are not entitled to the CGT discount.

6.3 CGT consequences of disposal of ASC Interests by non-residents

An ASC Optionholder that is a non-resident for Australian tax purposes ("Tax Non-Resident") just before the CGT event happens should not be liable for Australian CGT on disposal of their ASC Interests where the ASC Optionholder, together with their associates, does not beneficially hold, or have an option or right to acquire, 10% or more of ASC Interests at the time of the CGT event or throughout a 12 month period in the 24 months prior to the time of the CGT event.

If an ASC Optionholder that is a Tax Non-Resident beneficially holds, or has an option or right to acquire, together with their associates, 10% or more of the shares in ASC at the time of the CGT event or throughout a 12 month period in the 24 months prior to the time of the CGT event, any capital gain or capital loss that they make from a CGT event in respect of their ASC Interests will be disregarded unless more than 50% of the total fair market value of the assets of ASC consist of interests in Australian real property.

ASC Optionholders who are Tax Non-Residents should note that the Australian tax consequences from the disposal of their ASC Interests may be affected by any double tax agreement between Australia and their country of residence for tax purposes.

6.4 Stamp duty and GST

Sexyland will pay the stamp duty (if any) payable in Australia on the transfers of ASC Interests under the Offer. No GST will be payable on such transfers.

7. Other material information

7.1 Information

The information in clause 7 is material to making a decision whether to accept the Offer, known to Sexyland and does not relate to the value of the ASC Options.

Except for the information in clause 7, there is no information material to the making of a decision by a person whether accept the Offer that is known to Sexyland and that has not previously been disclosed to the holders of ASC Options.

7.2 No agreements with ASC directors

There is no agreement between Sexyland and a director or another officer of ASC in connection with or conditional on the outcome of the Offers.

7.3 Financial position of ASC

So far as Sexyland knows, there has not been a material change in the financial position of ASC other than as disclosed by ASC in Annual Financial Report for the year ended 30 June 2009. A copy of this report was lodged with ASX by ASC on 30 September 2009. Annexure A contains a copy of this report.

7.4 No Modifications to Corporations Act

ASIC has not modified the Corporations Act, in relation to the Bid.

7.5 ASC's ASX announcements

Annexure A contains a copy of ASC's Annual Financial Report for the year ended 30 June 2009, as lodged by ASC with ASX on 30 September 2009.

Annexure B contains copies of all ASC's announcements to ASX from 30 September 2009 that Sexyland considers material.

7.6 Consents

This bidder's statement includes statements which are made in, or based on statements made in, the following documents lodged with ASIC or on the company announcements platform of ASX by ASC and others:

- Annual Financial Report for the period ended 30 June 2009, as lodged by ASC with ASX on 30 September 2009, a copy of which is attached as Annexure A;
- 'Directors statement re takeover' announcement lodged by ASC with ASX on 13 October 2009; and
- other notices which ASC has lodged with ASX.

Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this bidder's statement. If you would like to receive a copy of any of these documents, please call the 'Sexyland Offer Information Line' on 1300 733 145 (local call cost) from within Australia or +612 8256 3362 (normal call charges apply) from outside Australia and you will be sent a copy free of charge. Information may also be obtained from ASC's webpage on the ASX website at www.asx.com.au.

The following persons have given, and have not before the date of this bidder's statement withdrawn, their consent to be named in this bidder' statement in the form and context in which they are named:

(a) Harbury Capital Corporate Advisers;

(b) Minter Ellison Lawyers; and

(c) Bendigo and Adelaide Bank Limited – as the provider of an unconditional committed bank facility.

Each of Harbury Capital Corporate Advisers, Minter Ellison Lawyers and Bendigo and Adelaide Bank Limited:

(a) does not make, or purport to make, any statement in this bidder's statement; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this ~~B~~bidder's ~~S~~statement.

7.7 Date for determining holders of securities

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of the table in section 633(1) for each Offer is the Record Date.

Part 2 - Terms of the Offer

1. Offer

1.1 The Offer

Sexyland offers to acquire on the terms and subject to the conditions of this Offer all ASC Options of which you are the registered holder on the Record Date, and all Rights attaching to them.

1.2 Persons to whom Offers are made

An Offer in the same form and with the same date is being made to and will be sent to each holder of ASC Options registered in the ASC Option register at 5.00pm (Perth time) on the Record Date.

It also extends to any person who becomes registered, or entitled to be registered, as the holder of any of your ASC Options during the Offer Period.

1.3 Offer Date

This Offer is dated 3 December~~[#]~~ 2009, being the date on which the first of the Offers are sent to the persons referred to in clause 1.2.

1.4 Offer Period

The Offers will remain open for the -period~~ of 1 month~~:

(a) starting on the Offer Date; and

(b) ending at 5.00pm (Perth time) on ~~the day that is 1 month after the Offer Date~~28 January 2010,

unless this period is extended or the Offers are withdrawn in accordance with the Corporations Act.

If, within the last seven days of the Offer Period, either of the following events occur:

(a) the Offer is varied to improve the consideration offered; or

(b) Sexyland's voting power in ASC increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

1.5 Conditions

Each Offer is subject to the Conditions.

1.6 If you have sold any of your ASC Options

If you have sold some or all of your ASC Options when this Offer is made to you, or sell some or all of your ASC Options during the Offer Period, please refer to clause 5.1.

1.7 If you are a trustee or nominee

If you are a trustee or nominee of some or all of your ASC Options, please refer to clause 5.2.

2. Price

2.1 Price payable

The amount offered for each of your ASC Options is $0.0006 cash.

2.2 Time of payment

(a) If the Acceptance Form does not require you to give another document for your acceptance, Sexyland will dispatch payment to you for your ASC Options on or before the earlier of:

(i) 7 Business Days after the Offer Period; and

(ii) 7 Business Days after the later of:

(A) the date this Offer is accepted by you; and

(B) whilst this Offer is subject to Conditions, the date the takeover contract resulting for your acceptance of this Offer becomes unconditional.

(b) If the Acceptance Form requires another document to be given for your acceptance (like a power of attorney):

(i) if the document is given with your acceptance, Sexyland will dispatch payment to you according clause 2.2(a);

(ii) if the document is given after your acceptance and before the end of the Offer Period and the Offer remains subject to any Conditions at the time Sexyland is given the document, Sexyland will dispatch payment to you on or before the earlier of:

(A) 7 Business Days after the takeover contract becomes unconditional; and

(B) 7 Business Days after the end of the Offer Period; or

(iii) if the document is given after your acceptance and before the end of the Offer Period and the Offer is unconditional at the time the bidder is given the document, Sexyland will dispatch payment to you on or before the earlier of:

(A) 7 Business Days after Sexyland is given the document; and

(B) 7 Business Days after the end of the Offer Period;

(c) if the document is given after your acceptance and after the end of the Offer Period and at the time Sexyland is given the document the takeover contract is unconditional, Sexyland will dispatch payment to you on or before 7 Business Days after Sexyland is given the document; or

(d) if the document is given after your acceptance and after the end of the Offer Period and at the time Sexyland is given the document the takeover contract is subject to any Conditions relating only to the happening of a Prescribed Occurrence, Sexyland will dispatch payment to you on or before 7 Business Days after the takeover contract becomes unconditional.

(e) Payment will be by cheque in Australian currency. The cheque will be sent to you at your address stated on the Acceptance Form or another address notified by you to Sexyland.

2.3 Contract avoided

Sexyland may avoid a contract between Sexyland and you if Sexyland has not been given a document required in the Acceptance Form within one month after the end of the Offer Period.

2.4 Certain overseas residents

If, at the time you accept this Offer, any authority or clearance of the Reserve Bank of Australia, the Australian Taxation Office or the Minister for Foreign Affairs is required for you to receive any consideration under this Offer, or you are resident in, or a resident of, a place to which, or you are a person to whom:

(a) the *Banking (Foreign Exchange) Regulations 1959* (Cth);

(b) the *Charter of the United Nations Act 2002* (Cth);

(c) the *Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002* (Cth);

(d) the *Charter of the United Nations (Sanctions - Afghanistan) Regulations 2001* (Cth);

(e) the *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003* (Cth); or

(f) any other law of Australia that would make it unlawful for Sexyland to provide consideration for your ASC Options,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by Sexyland.

3. Offer period

You may accept the Offer during the period~~ of 1 month~~:

(a) starting on the Offer Date; and

(b) ending at 5.00pm (Perth time) on ~~the day that is 1 month after the Offer Date~~28 January 2010,

unless this period is extended or the Offer is withdrawn in accordance with the Corporations Act.

4. How to accept

4.1 Full acceptance

Subject to clause 5.2, you may only accept Sexyland's Offer during the Offer Period in respect of all of your ASC Options.

If you wish to accept the Offer in respect of all of your ASC Options, your Acceptance Form must be completed and returned to Sexyland in accordance with this clause 4 (and the instructions on the form).

4.2 Acceptance Form – Series A Employee Optionholders; Series B Employee Optionholders; and Series C Employee Optionholders

You will have received an Acceptance Form with this bidder's statement, which is the Acceptance Form to be used in relation to your ASC Options.

To accept this Offer you must:

(a) complete and sign the Acceptance Form in accordance with the instructions on it; and

(b) send it, with your ASC Option certificates (if any) and all other documents required by the instructions on the Acceptance Form, so that they are received before the end of the Offer Period (5.00pm (Perth time) on ~~[#]~~ 28 January 2010~~2009~~ unless the Offer Period is extended) at the address stated on the Acceptance Form.

A reply paid return addressed envelope is enclosed for your use.

4.3 Acceptance Form – Listed Optionholders

Clauses 4.4 and 4.6 refer, among other things, to the different acceptance procedures to accept this Offer depending on whether your ASC Options are in a CHESS Holding or in an Issuer Sponsored Holding. You will have received an Acceptance Form with this bidder's statement, which is the Acceptance Form to be used in relation to your ASC Options.

4.4 CHESS Holdings

If your ASC Options are in a CHESS Holding and you are not a Participant, you may:

(a) instruct your Controlling Participant to initiate acceptance of this Offer for your ASC Options in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period; or

(b) authorise Sexyland to instruct your Controlling Participant on your behalf to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules, by completing, signing and returning the enclosed Acceptance Form in accordance with the instructions on it. The Acceptance Form must be received at the address stated on it before the end of the Offer period (5.00pm (Perth time) on ~~[#]~~ 28 January 2010~~2009~~, unless the Offer Period is extended) to enable Sexyland to instruct your Controlling Participant to effect acceptance of the Offer for your ASC Options before the end of the Offer Period. A reply paid envelope is enclosed for your use.

4.5 Participant

If your ASC Options are in a CHESS Holding and you are a Participant, acceptance of this Offer may be initiated in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period (5.00pm (Perth time) on ~~[#]~~ 28 January 2010~~2009~~, unless the Offer Period is extended).

4.6 Issuer Sponsored Holdings

If you hold ASC Options in an Issuer Sponsored Holding, to accept this Offer you must:

(a) complete and sign the Acceptance Form in accordance with the instructions on it; and

(b) send it, and all other documents required by the instructions on the Acceptance Form, so that they are received before the end of the Offer Period (5.00pm (Perth time) on ~~[#]~~ 28 January 2010~~2009~~ unless the Offer Period is extended) at the address stated on the Acceptance Form.

A reply paid return addressed envelope is enclosed for your use.

4.7 Sexyland's discretion regarding incomplete or invalid acceptance

Sexyland may in its absolute discretion determine that any Acceptance Form it receives is a valid acceptance, even if one or more of the requirements set out in the Acceptance Form has not been complied with, but Sexyland may, in its absolute discretion, decide not to dispatch payment to you until:

(a) the irregularity has been resolved; and

(b) the Share certificate (if any), or an acceptable indemnity, and another document required to enable Sexyland to be registered as the holder of your ASC Options, have been given to Sexyland.

5. Application of this Offer

5.1 If another person is entitled to your ASC Options

If, when this Offer is made to you, or at any time during the Offer Period, another person is entitled to be registered as the holder of some or all of your ASC Options (**Transferred Options**) then Sexyland will be taken to have:

(a) made to the other person a corresponding offer for the Transferred Shares;

(b) made you a corresponding offer for your ASC Options except the Transferred Shares; and

(c) withdrawn this Offer.

5.2 If you are a trustee or nominee

If at any time during the Offer Period you are a trustee for or nominee of two or more persons or your ASC Options for some other reason consist of two or more distinct portions within the meaning of section 653B of the Corporations Act, then:

(a) a separate Offer will be taken to have been made to you in relation to each of the distinct portions of your ASC Options; and

(b) an acceptance by you of the Offer for a distinct portion of your ASC Options will be ineffective unless:

~~(A)~~(i) you have given Sexyland a notice, delivered in accordance with clause 5.3, stating that your ASC Options consist of distinct portions; and

~~(B)~~(ii) your acceptance specifies the number of ASC Options in the distinct portions to which the acceptance relates.

5.3 Notice of distinct portions

A notice in accordance with clause 5.2(b) must:

(a) if it relates to ASC Options held in certificated form or in an Issuer Sponsored Holding, be in writing; or

(b) if it relates to ASC Options in a CHESS Holding, be in an electronic form approved by the ASTC Settlement Rules for the purposes of Part 6.8 of the Corporations Act.

6. Effect of acceptance

By initiating acceptance of this Offer through CHESS in accordance with clauses 4.3 and 4.5, or signing and returning an Acceptance Form in accordance with clause 4.6, you will have:

(a) accepted this Offer (and each variation of the Offer (if any) permitted under Part 6.6 of the Corporations Act) for all of your ASC Options specified on your Acceptance Form;

(b) subject to this Offer being declared free from the Conditions (or the Conditions being fulfilled), agreed to transfer all of your ASC Options (**Your Accepted ASC Options**) to Sexyland;

(c) represented and warranted to Sexyland that:

(i) Your Accepted ASC Options are at the time of acceptance, and will be on registration of the transfer of Your Accepted ASC Options to Sexyland, fully paid up, and Sexyland will acquire good title to them and full beneficial ownership of them free from all mortgages, charges, liens and other encumbrances and restrictions on transfer of any kind; and

(ii) you have full power and capacity to sell and transfer those securities;

(d) irrevocably and unconditionally authorised Sexyland (by its servants or agents) to complete or alter the Acceptance Form on your behalf (and irrevocably and unconditionally appointed Sexyland, its directors, secretaries, officers, servants and agents as your attorney for that purpose) by:

(i) inserting correct details of Your Accepted ASC Options;

(ii) filling in any blanks remaining on the Acceptance Form;

(iii) rectifying any error in or omission from the Acceptance Form; and

(iv) completing and signing on your behalf (or as your attorney) any other instrument or transfer,

as may be necessary to make the Acceptance Form an effective acceptance of this Offer or to enable the registration of the transfer of Your Accepted ASC Options to Sexyland;

(e) if any of Your Accepted ASC Options are held in a CHESS Holding and you have signed an Acceptance Form for them, irrevocably authorised Sexyland (by its servants or agents) to:

(i) instruct your Controlling Participant to initiate acceptance of this Offer for those ASC Options in accordance with the ASTC Settlement Rules; and

(ii) give any other instructions in relation to those ASC Options to your Controlling Participant on your behalf under the Sponsorship Agreement between you and the Controlling Participant;

(f) irrevocably appointed Sexyland and its directors, secretaries and officers jointly and each of them severally as your attorney, with effect from the date this Offer or any contract resulting from the acceptance of this Offer is declared free from all its Conditions or those Conditions are fulfilled, with power to exercise the powers and rights which you could lawfully exercise as the registered holder of all Your Accepted ASC Options including:

(i) requesting ASC to register all Your Accepted ASC Options in the name of Sexyland;

(ii) applying for a replacement certificate in respect of any Option certificate that has been lost of destroyed;

(iii) attending and voting at a meeting of ASC;

(iv) demanding a poll for a vote taken at or proposing or seconding a resolution to be considered at a meeting of ASC;

(v) requesting a meeting of ASC;

(vi) signing any form, notice or instrument relating to all Your Accepted ASC Options; and

(vii) doing all things incidental and ancillary to any of clauses 6(f)(i) to (vi);

and you acknowledge and agree that the attorney may exercise those powers in the interests of Sexyland as the intended registered holder of Your Accepted ASC Options;

(g) agreed not to attend or vote in person at any meeting of ASC, or to exercise or purport to exercise any of the powers conferred on Sexyland and its directors, secretaries and officers in clause 6(f);

(h) irrevocably authorised and directed ASC to pay or account to Sexyland for all Rights, subject to Sexyland accounting to you for any Rights received by it if this Offer is withdrawn or the contract resulting from your acceptance of this Offer is rescinded under clause 8.3 or is rendered void under clause 8.6;

(i) except where Rights have been paid or accounted for under clause 6(h), irrevocably authorised Sexyland to deduct from the consideration payable for Your Accepted ASC Options, the amount or value of all Rights under clauses 7.1 and 7.2;

(j) irrevocably authorised Sexyland to transmit a message to ASTC in accordance with Rule 14.17.1 of the ASTC Settlement Rules so as to enter Your Accepted ASC Options which are in a CHESS Holding to the Takeover Transferee Holding (even if Sexyland has not yet paid the consideration due to you);

(k) agreed to execute all documents, transfers and assurances as may be necessary or desirable to convey Your Accepted ASC Options and Rights to Sexyland; and

(l) agreed to fully indemnify Sexyland in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or your Securityholder Reference Number or in consequence of the transfer of Your Accepted ASC Options to Sexyland being registered to ASC without production of your Holder Identification Number or your Securityholder Reference Number.

7. Dividends and other entitlements

7.1 Cash Rights

If any cash Rights are declared, paid, made, arise or accrue to you as the holder of your ASC Options, Sexyland may reduce the Offer Price by the amount of the Rights, unless the benefit of the Rights is passed to Sexyland under clause 6(h).

7.2 Non-cash Rights

If any non-cash Rights are issued, made, arise or accrue to you as the holder of your ASC Options, Sexyland may reduce the Offer Price by the value (as reasonably determined by Sexyland) of the non-cash Rights, unless the benefit of the Rights is passed on to Sexyland under clause 6(h).

8. Conditions of the Offer

8.1 Conditions subsequent

Subject to clause 8.2, this Offer and a contract resulting from your acceptance of this Offer is subject to the following conditions.

(a) **Minimum acceptance**

Before the end of the Offer Period, Sexyland and its associates have relevant interests in at least 50.1% (by number) of all issued ASC Shares and at least 50.1% (by number) of all issued ASC Options. The minimum acceptance condition that relates to the ASC Options is 50.1% of all of those options in total – it is not determined by reference to each class of the ASC Options.

(b) Prescribed Occurrences

That between the Announcement Date and the end of the Offer Period, none of the following occurrences happens:

(i) ASC converts all or any of its shares into a larger or smaller number of shares in accordance with section 245H of the Corporations Act;

(ii) ASC or a Subsidiary of ASC resolves to reduce its share capital in any way;

(iii) ASC or a Subsidiary of ASC enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;

(iv) ASC or a Subsidiary of ASC issues shares, or grants an option over its Shares, or agrees to issue shares or grant an option over its shares, with the exception of any issue of shares as a result of:

(A) the exercise of ASC Options on issue as at the Announcement Date; or

(B) the NREI;

(iv) ASC or a Subsidiary of ASC issues, or agrees to issue, convertible notes;

(v) ASC or a Subsidiary of ASC disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

(vi) ASC or a Subsidiary of ASC charges, or agrees to charge, the whole, or a substantial part, of its business or property;

(vii) ASC or a Subsidiary of ASC resolves to be wound up;

(viii) a liquidator or provisional liquidator of ASC or a Subsidiary of ASC is appointed;

(ix) a court makes an order for the winding up of ASC or of a Subsidiary of ASC;

(x) an administrator of ASC, or of a Subsidiary of ASC, is appointed under section 436A, 436B or 436C of the Corporations Act;

(xi) ASC or a Subsidiary of ASC executes a deed of company arrangement;

(xii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of ASC or of a Subsidiary of ASC.

8.2 Declaration of Offer being free from Conditions

(a) Sexyland may, subject to the Corporations Act, declare this Offer and all other Offers and all contracts resulting from the acceptance of Offers free from the Conditions (or any one or more or any part of them).

(b) Subject to compliance with sections 630 and 650F of the Corporations Act, a declaration made under this clause 8.2 must be made by Sexyland by notice in writing to ASC:

(i) in the case of Conditions relating to the happening of a Prescribed Occurrence, as defined in clause 8.1(b), not later than 3 Business Days (as defined in the Corporations Act) after the end of the Offer Period; and

(ii) in any other case, not less than 7 days before the end of the Offer Period.

8.3 Breach of Conditions

Each of the Conditions is a condition subsequent and does not prevent a contract to sell your ASC Options resulting from an acceptance of this Offer. However, if a Condition is breached or not fulfilled, Sexyland may by notice in writing to you to rescind that contract as if that contract had not been formed.

8.4 Benefit of Conditions

Subject to the Corporations Act:

(a) Sexyland alone has the benefit of the Conditions;

(b) a breach or non-fulfillment of any of the Conditions may be relied on only by Sexyland; and

(c) Sexyland may, at its sole discretion, waive the breach or non-fulfillment of all or any of the Conditions.

Each condition in clause 8.1 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

8.5 Status notice

The date for giving the notice referred to in section 630(1) of the Corporations Act relating to the status of the Conditions is ~~[#]~~ 28 January 2010~~2009~~. This date may be extended in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.

8.6 Void contracts

If at the end of the Offer Period in respect of each Condition:

(a) Sexyland has not declared this Offer and all contracts resulting from the acceptance of Offers free from the Condition; and

(b) the Condition has not been fulfilled,

all contracts resulting from the acceptance of Offers and all Offers that have been accepted from whose acceptance binding contracts have not yet resulted will be void. In that event Sexyland will, if you have accepted this Offer, return at your risk your Acceptance Form together with all documents forwarded by you with the Acceptance Form to your address shown in the Acceptance Form.

9. Withdrawal

Sexyland may withdraw this Offer at any time with the written consent of ASIC. That consent may be given subject to any conditions specified in the consent.

If, at the time this Offer is withdrawn, all the conditions of clause 8.1 have been fulfilled or waived, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in clause 8.1, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).

10. Variation

10.1 Sexyland's entitlement

Sexyland may at any time before the end of the Offer Period vary this Offer in accordance with the Corporations Act:

(a) by extending the Offer Period;

(b) by increasing the consideration payable under the Offer; and

(c) with the written consent of ASIC, and subject to any conditions specified by ASIC in that consent, in the manner that ASIC permits.

10.2 Extension of Offer Period

If Sexyland extends the Offer Period, you will receive notice of the extension, unless, at the date of the extension, you have already accepted this Offer and the Offer has become free from the Conditions or the Conditions have been fulfilled.

11. Costs

All costs and expenses of the preparation of this bidder's statement and any stamp duty payable on the transfer of ASC Options for which Offers are accepted, will be paid by Sexyland.

12. Notices

12.1 Service on ASC

Sexyland may give a notice to ASC under the Bid by leaving it at, or sending it by prepaid ordinary post to, the registered office of ASC.

12.2 Service on Sexyland

You or ASC may give a notice to Sexyland under the Bid by leaving it at or sending it by prepaid ordinary post to Sexyland at the address set out in the Acceptance Form.

12.3 Service on you

Sexyland may give a notice to you under the Bid by leaving it at or sending it by prepaid ordinary post or by airmail (if your address is outside Australia), to your address given to Sexyland by ASC under section 641 of the Corporations Act.

Part 3 - Glossary and interpretation

1. Glossary

In this bidder's statement:

Acceptance Form means the form of acceptance and transfer enclosed with this bidder's statement and which forms part of this Offer.

Announcement Date means 8 October 2009 being the date of Sexyland's announcement of its intention to make the Bid.

ASC means Adultshop.com Limited ACN 009 147 924.

ASC Group means ASC and each of its Subsidiaries.

ASC Option means an option to acquire by way of issue an ASC Share granted by ASC and existing at the Record Date.

ASC Optionholder or **Optionholder** means a holder of one or more ASC Options.

ASC Share or **Share** means a fully paid ordinary share in the capital of ASC.

ASC Shareholder or **Shareholder** means a holder of one or more ASC Shares.

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited.

ASTC Settlement Rules means the settlement rules issued by ASTC.

ASX means ASX Limited trading as the Australian Securities Exchange.

Bid means the off-market bid constituted by the Offer.

~~**Bidder's Statement** means this document.~~

Business Day means a day that is not a Saturday, Sunday or public holiday or bank holiday in Perth, Australia.

CHESS means the Clearing House Electronic Subregister System established and operated by ASTC.

CHESS Holding means a holding of ASC Options on the CHESS Subregister of ASC (usually a CHESS holding will be through a Controlling Participant).

Conditions means the conditions of the Offer set out in clause 8.1 of Part 2.

Controlling Participant means, in relation to ASC Options in a CHESS Holding, the Participant with whom the holder has a sponsorship agreement as defined in the ASTC Settlement Rules (usually, your broker).

Corporations Act means the *Corporations Act 2001* (Cth).

GSX means German Stock Exchange.

Issuer Sponsored Holding has the meaning given to that term in the ASTC Settlement Rules

Listed Option means an option to acquire one or more listed options exercisable at $0.008 and expiring 31 December 2011.

Listed Optionholder means a holder of one or more Listed Options.

Listing Rules means the official listing rules of ASX.

NREI means the non-renounceable entitlement offer of shares and free attaching options on the basis of two shares and one option for every two shares held in ASC at the relevant record date, as announced by ASC on 17 September 2009.

Offer means the offer contained in clause 1.1 of Part 2.

Offer Date means ~~[#]~~ 7 December 2009.

Offer Period means the period referred to in clause 1.4 of Part 2.

Offer Price means the price referred to in clause 2.1 of Part 2.

Offers means the offers referred to in clause 1.2 of Part 2.

Participant has the meaning given to that term in the ASTC Settlement Rules.

Prescribed Occurrence means an occurrence listed in clause 8.1(b) of Part 2.

Record Date means 9 November 2009.

Rights means all accretions and rights that accrue to or arise from ASC Options after the date the~~is~~ original bidder's statement was~~is~~ lodged with ASIC, including without limitation all rights to receive dividends, to receive or subscribe for shares, notes, options or other securities and all other distributions or entitlements declared, paid, made or issued by ASC after that date.

Series A Employee Option means an ASC Option issued to eligible employees under ASC's Employee Incentive Scheme that are exercisable at $0.047 from 3 January and expiring on 3 January 2012.

Series A Employee Optionholder means a holder of one or more Series A Employee Options.

Series B Employee Option means an ASC Option issued to eligible employees under ASC's Employee Incentive Scheme that are exercisable at $0.067 from 3 January and expiring on 3 January 2012.

Series B Employee Optionholder means a holder of one or more Series B Employee Options.

Series C Employee Option means an ASC Option issued to eligible employees under ASC's Employee Incentive Scheme that are exercisable at $0.087 from 3 January and expiring on 3 January 2012.

Series C Employee Optionholder means a holder of one or more Series C Employee Options.

Sexyland means Sexyland Australia Pty Limited ACN 009 522 933.

Sponsorship Agreement has the meaning given to it in the ASTC Settlement Rules.

Subsidiary has the meaning given to it in the Corporations Act.

Takeover Transferee Holding has the meaning given to that term in the ASTC Settlement Rules

Your Accepted ASC Options has the meaning given in clause 6(b) of Part 2.

2. Interpretation

In this bidder's statement, except where the context otherwise requires:

(a) the singular includes the plural and vice versa and a gender includes other genders;

(b) another grammatical form of a defined word or expression has a corresponding meaning;

(c) a reference a to person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;

(d) a reference in Part 1 of this bidder's statement to a clause, paragraph or part is a to a clause, paragraph or part in Part 1 of this bidder's statement;

(e) a reference in Part 2 of this bidder's statement to a clause, paragraph or part is to a clause, paragraph or part of Part 2 of this bidder's statement;

(f) a reference in Part 1 of this bidder's statement to an annexure is to an annexure of this bidder's statement, and a reference to this bidder's statement includes its annexures;

(g) a reference to A$, $A, dollars, $ or cents is to Australian currency;

(h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them; and

(i) a word or phrase defined in the Corporations Act, the Listing Rules or the ASTC Settlement Rules has the meaning given to it in that Act or those rules.

3. Headings

Headings are for ease of reference only and do not affect interpretation.

Corporate Directory

Sole director

Mr Angelo Abela

Registered office

1562 Centre Road
Springvale Victoria 3171
Australia

Corporate advisers

Harbury Capital Corporate Advisers
Level 23, HWT Tower
40 City Road
Southbank Victoria 3006
Australia

Legal advisers

Minter Ellison Lawyers
Rialto Towers
525 Collins Street
Melbourne Victoria 3000
Australia

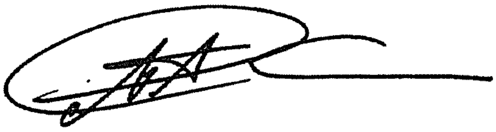
Offer registrar

Registries Limited
Level 7
207 Kent Road
Sydney New South Wales 2000
Australia

Signing page

DATED ~~6~~3 ~~Nov~~December 2009

Signed on behalf of Sexyland Australia Pty Limited in accordance with a resolution of the directors of Sexyland Australia Pty Limited dated 6 November 2009.



Mr Angelo Abela
Managing Director Sexyland Australia Pty Ltd

Annexure A

(clause 7.3 of Part 1)

ASC's Annual Financial Report for the year ended 30 June 2009

Annexure to Bidder's Statement

Annexure B

(clause 7.5 of Part 1)

ASC's announcements to ASX made after 30 September 2009

Annexure to Bidder's Statement