

## **AdultShop.com Limited (ASC) Acquires Loop Wireless, Accelerates Expansion into International 3G Mobile Content Markets**

***Acquisition Leverages ASC's Existing Mobile Phone Content Interests and Production Capabilities, Marks Diversification from Adult-Oriented Content***

**Perth, Australia, March 16, 2006** -- AdultShop.com Limited (ASX:ASC), today announced that it has entered into a conditional agreement to acquire Loop Wireless, the Australian leader in 3G mobile social networking. The proposed acquisition will underpin ASC's expansion into fast-growing international 3G mobile content markets.

Loop Wireless, which will continue to trade as a wholly owned subsidiary of ASC, will spearhead ASC's diversification into mobile phone content markets around the world.

The acquisition of Loop Wireless marks a calculated diversification of ASC's content business from traditional adult-oriented content. In addition to its 3G mobile social networking product, Loop Wireless offers other content products, including mobile comics and mobile AFL products.

There are a number of synergies between the two businesses. ASC already has interests in mobile phone content in markets including Australia, Europe and the United States. ASC's existing mobile and online content production capabilities will complement Loop Wireless's, allowing both entities to more rapidly scale up production of mobile phone content to meet growing market opportunities.

ASC's acquisition of Loop Wireless will fast-track both entities' continued international expansion, with the potential to bring the award-winning 3G mobile social networking product, Kink Kommunity, to Europe and the United States.

Kink Kommunity, announced as the Best Mobile/Wireless product at the Australian Interactive Media Industry Awards, has been available to users of Hutchison's 3 network since October 2005. Users pay a monthly fee to access interactive, web-like content via their mobile phones, with much of the content generated by users themselves, such as photos, videos and commentary -- all moderated by Loop Wireless.

Loop Wireless is looking to take Kink Kommunity to a global market, with a release of the product in the UK, expected to go live by the end of April, 2006. By mid 2006 Loop Wireless aims, in a world first, to join Australia and UK Kommunity members in an integrated and real-time social networking forum.

"AdultShop.com Limited, through its online adult retailing business and mobile phone content interests, has gained a number of strategic insights into the future of interactive content markets," said Malcolm Day, Managing Director of ASC.

"It has become apparent that the market for 3G mobile content is growing rapidly, and at an accelerating rate," said Day. "The market is not being driven by traditional mobile phone content, but by new interactive services of the kind being pioneered by Loop Wireless. Adult-oriented content, while leading the way in many new content markets, is not the only growth opportunity in 3G mobile content.

"By acquiring Loop Wireless, ASC has diversified its content business from traditional adult-oriented content, increasing the opportunities to capitalise on the growth in mobile phone content markets," said Day. "The acquisition also adds a number of key new skill-sets to our existing content production capabilities, giving us the expertise and the capacity to meet expanded market opportunities."

Pursuant to the agreement between ASC and the shareholders of Loop Wireless, announced by ASC today to the Australian Stock Exchange, upon the satisfaction of certain conditions, Loop Wireless will become a wholly owned subsidiary of ASC in return for the issue of 20 million ordinary shares in ASC and 80 million performance shares in ASC and the provision by ASC of \$1,5 million for Loop Wireless working capital. The 80 million performance shares will be converted into a maximum of 80 million ordinary shares in ASC over the next 2 years, subject to Loop Wireless achieving agreed performance hurdles.

### **About Loop Wireless**

Loop Wireless is a team of mobile content developers with over 20 years experience delivering creative multimedia solutions in global markets.

The Loop team is completely focused on the development of mobile content for the youth and young adult demographics. The team's experience and expertise has seen Loop grow quickly into a significant content provider and developer in the Australasian market.

The worldwide growth of GSM, GPRS and 3G networks and handset sales, provides an enormous opportunity and challenge for content owners and network operators. Loop partners with these companies to produce content and delivery solutions that addresses the myriad of technical, commercial and creative issues, resulting in compelling mobile services.

### **About AdultShop.com Limited**

AdultShop.com Limited is an Australian public company listed on the Australian and German stock exchanges. AdultShop's current operations are focused on the adult entertainment industry, and include online, retail, wholesale, party plan and phones service operations. AdultShop has operations in Australia, New Zealand, USA and Germany.

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(Reference ASC letter to ASX 16 March 2006.)