

OPTIMA CORPORATION LIMITED PROSPECTUS 2004
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A Prospectus for the issue of up to 10,000,000 Shares at 20 cents each together with 1 free attaching Option for every Share subscribed for to raise a maximum of \$2,000,000

(This Offer is subject to Shareholder approval at a general meeting to be held on 26 March 2004 (refer Section 2.1))

Corporate Directory

DIRECTORS

Mr Blair Sergeant - Managing Director
Mr Jong Kao Foo - Non-Executive Director
Dr Yung Kuan Foo - Non-Executive Director
Mr Anthony Ho - Non-Executive Director

COMPANY SECRETARY

Mr Anthony Ho

REGISTERED OFFICE

219-221 York Street
Subiaco, Western Australia, 6008

Telephone: (618) 9382 1311
Facsimile: (618) 9382 1322
E-mail: info@optimacorp.com.au

INTERNET WEBSITE

www.optimacorp.com.au

SOLICITOR TO THE COMPANY

Steinpreis Paganin
Level 14, Citibank House
37 St George's Terrace
Perth, Western Australia, 6000

INDEPENDENT MARKET RESEARCHERS

Market Equity Pty Ltd
1292 Hay Street
West Perth, Western Australia, 6005

AUDITOR

PKF Chartered Accountants
Level 7, BGC Centre
28 The Esplanade
Perth, Western Australia, 6000

INDEPENDENT ACCOUNTANT

PKF Corporate Advisory Services (WA) Pty Ltd
Level 7, BGC Centre
28 The Esplanade
Perth, Western Australia, 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
Perth, Western Australia, 6000

Telephone: (618) 9323 2000
Facsimile: (618) 9323 2033

ASX CODE

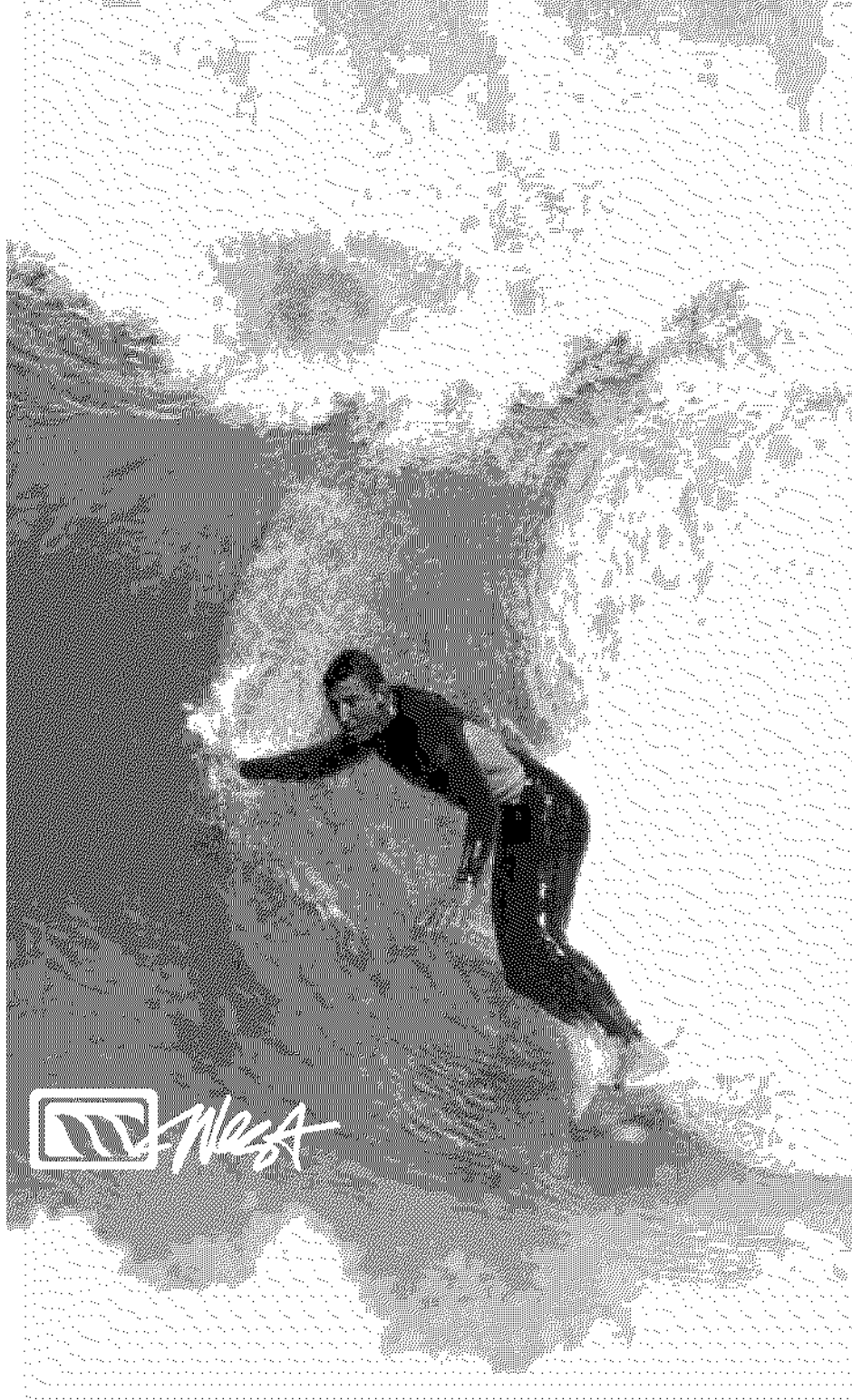
OPC - Shares
OPCO - Options





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Important Information

This Prospectus is dated 3 March 2004.

A copy of this Prospectus was lodged with the Australian Securities and Investments Commission on 3 March 2004. The ASIC takes no responsibility for the contents of this Prospectus.

This Prospectus will be issued in paper form and as an Electronic Prospectus, which may be viewed online at www.optimacorp.com.au. The Offer is available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person from passing onto another person the Application Form unless it is attached to or accompanied by a complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by e-mail at info@optimacorp.com.au.

No Securities will be issued on the basis of this Prospectus later than 13 (thirteen) months after the date of this Prospectus. Application will be made within 7 (seven) days after the date of this Prospectus for admission of the Securities offered by this Prospectus to quotation on ASX.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with

such restrictions may constitute a violation of applicable securities law. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for Securities. The business of Optima is in the early stages of development and accordingly, there are significant risks associated with an investment in Optima and the Securities offered under this Prospectus must be regarded as a speculative investment. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or future value.

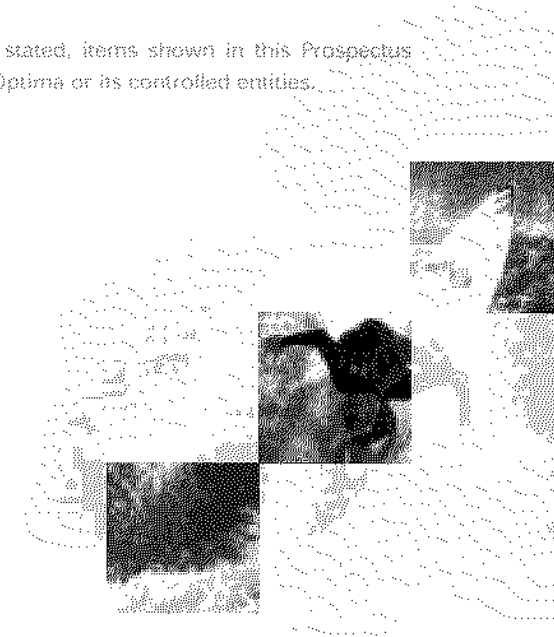
Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 10 of this Prospectus.

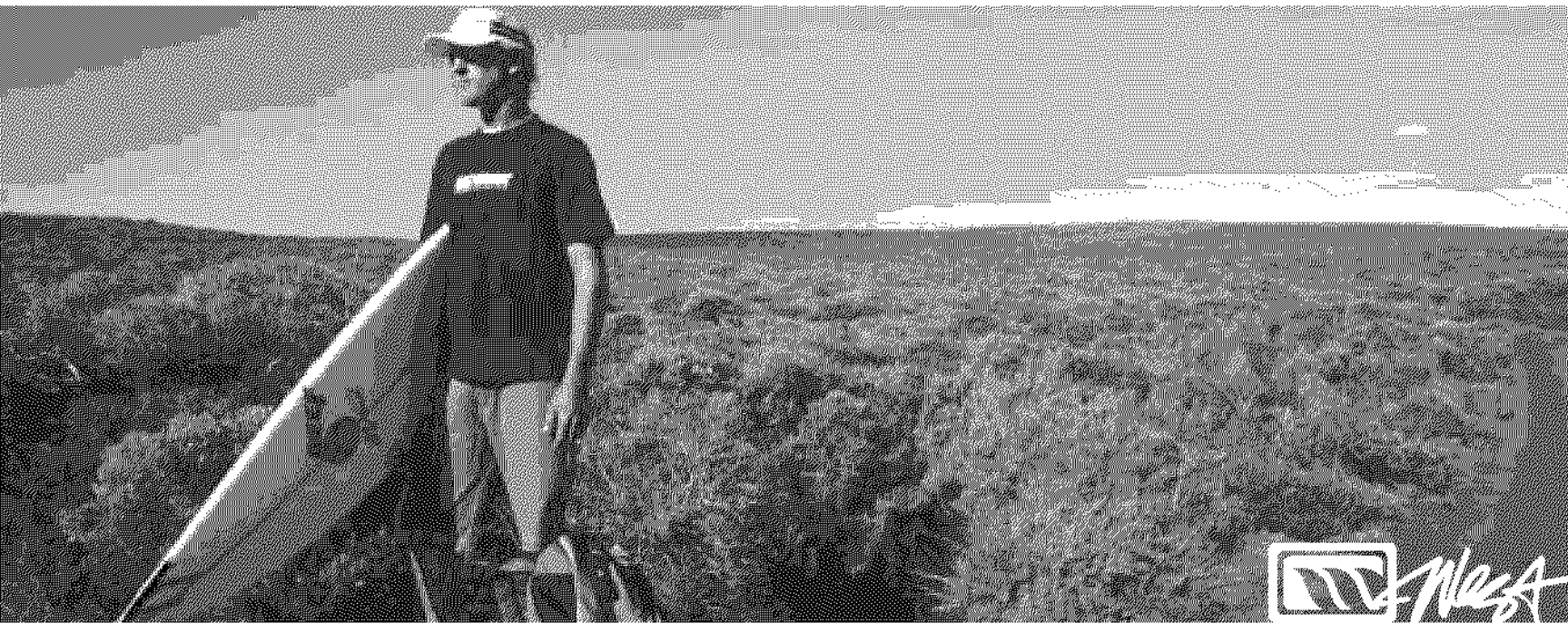
In accordance with Chapter 6D of the Corporations Act this Prospectus is subject to an exposure period of 7 days from the date of lodgement with the ASIC. This period may be extended by the ASIC for a further period of up to 7 days. The purpose of the exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be

deficient, Applications received during the exposure period will be dealt with in accordance with Section 724 of the Corporations Act. Applications received prior to the expiration of the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on Applications received during the exposure period and all Applications received during the exposure period will be treated as if they were simultaneously received on the Opening Date.

Figures disclosed in this Prospectus are exclusive of goods and services tax, unless otherwise specified.

Unless otherwise stated, items shown in this Prospectus are not assets of Optima or its controlled entities.





Managing Director's Letter

2 March 2004

Dear Investor

The Board of Optima Corporation Limited ("Optima" or the "Company") is delighted to announce a capital raising of up to \$2m to fund the development of the West Surfing Products (USA) Pty Ltd ("WSP") business. In December 2003, the Company acquired a 100% interest in WSP. WSP has an exclusive licence to manufacture, market, use, sell and distribute products designed by the well known West Australian surf company "West Surfing Products" within the world's largest surf market, the United States of America ("Licence").

The Licence allows WSP to sell, supply, use and exploit all of the trade marks and logos owned by West Surfing Products, and to manufacture new products bearing the logos and trade marks anywhere in the United States.

In January 2004, the Company conducted a detailed review of a number of different strategies to develop the United States market, including joint venturing and other co-funding alliances. Following this review, the Board decided that the most appropriate strategy was to participate directly and self-fund the product development in this market.

West Surfing Products was founded in Perth, Western Australia in 1982, and has evolved from its humble origins to be a key competitor in the lucrative surf market. It has become known the world over as a surf company

responsible for the manufacture and distribution of lifetime guarantee wetsuits and quality surf clothing & accessories.

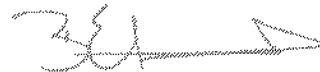
The change of business focus and direction of the Company to the development of the "West" surfing brand in the USA, constitutes a change to the nature (and scale) of the Company's activities, which requires Shareholder approval pursuant to ASX Listing Rule 11.1.

A shareholders meeting to approve the change of activities and the issue of Securities pursuant to this Prospectus will be held on 26 March 2004.

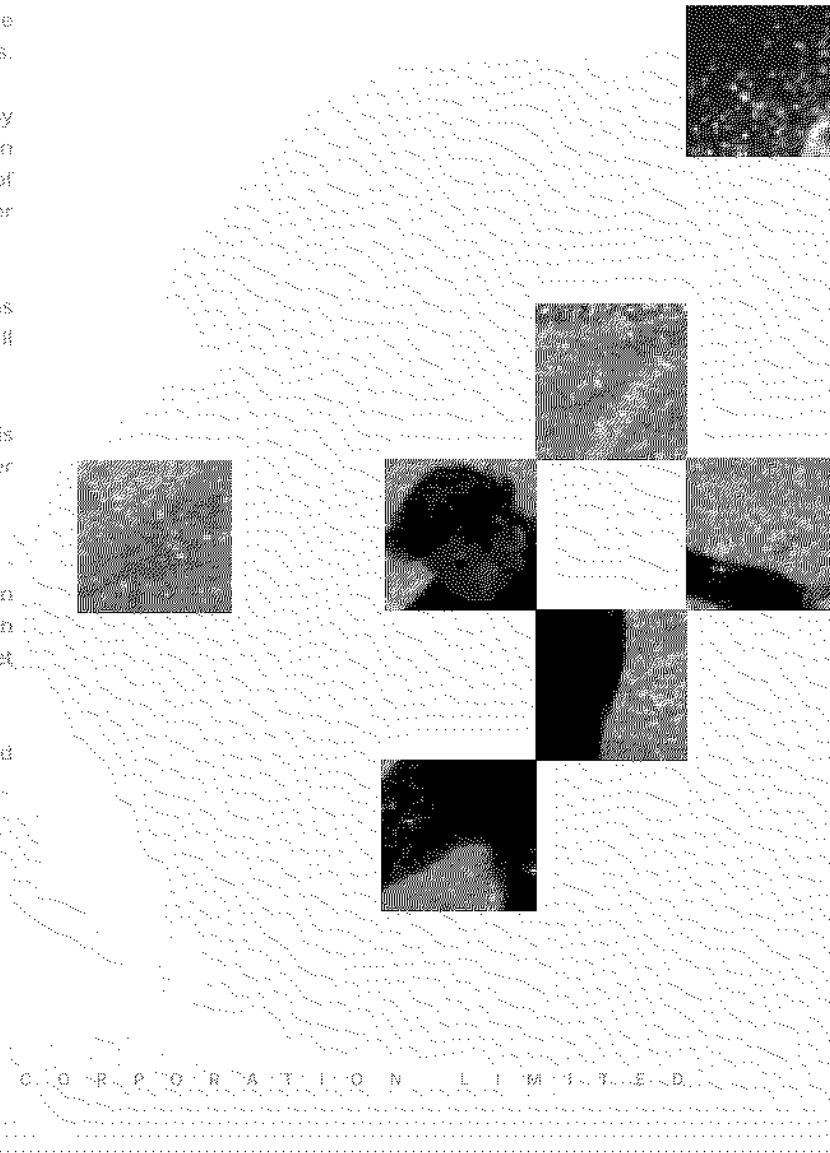
Investors should note that the Offer pursuant to this Prospectus is conditional upon these Shareholder approvals being obtained.

I believe that the Licence and therefore an investment in Optima, presents an excellent opportunity to participate in an exciting and dynamic industry, in the largest surf market in the world, the United States of America.

I encourage you to join Optima in its new venture and recommend the investment to you.



BLAIR SERGEANT
MANAGING DIRECTOR





Section 1: Investment Overview

1.1 IMPORTANT NOTICE

This section is not intended to provide full information for investors intending to apply for Securities. This Prospectus should be read and considered in its entirety.

1.2 KEY OFFER HIGHLIGHTS*

Offer price per Share	\$0.20
Shares offered under this Prospectus	10,000,000
Options offered under this Prospectus	10,000,000
Maximum Amount to be raised	\$2,000,000

*Refer to Section 2 for further details of the Offer.

1.3 INDICATIVE TIMETABLE

Date of Prospectus:	3 March 2004
Opening Date:	30 March 2004
Closing Date:	24 March 2004
Date of Shareholder Meeting:	26 March 2004
Despatch of Statements of Shareholdings:	29 March 2004
Quotation of Securities on ASX expected:	2 April 2004

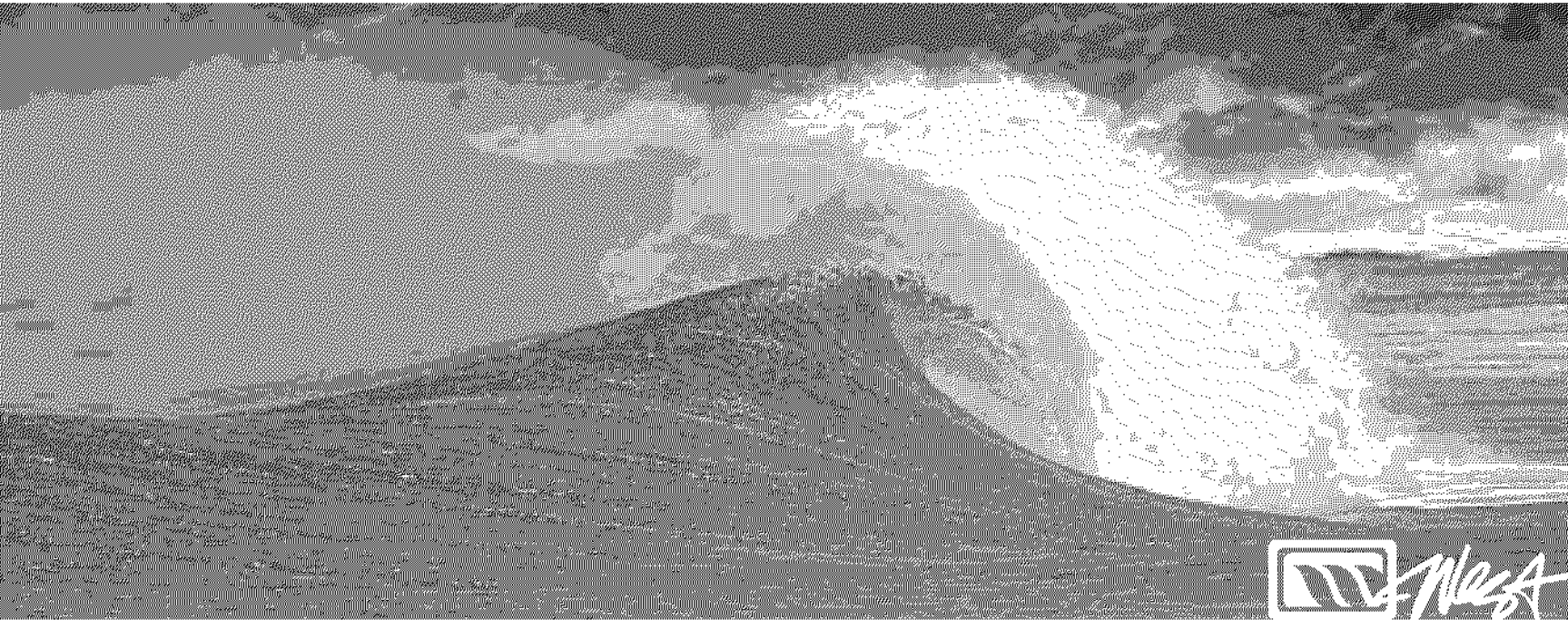
* These dates are indicative only. Optima reserves the right to close the Offer early, or extend the Closing Date.

1.4 APPLICATION OF FUNDS

It is intended to apply funds raised from the Offer (excluding existing funds) during the next 18 months as follows:

	Minimum Subscription \$	Fully Subscribed \$
US Office administration (refer to section 3.4)	125,000	125,000
Sponsorship (refer to section 3.4)	225,000	225,000
Advertising (refer to section 3.4)	250,000	350,000
Inventory (refer to section 3.3)	450,000	550,000
License fees (refer to section 3.1)	100,000	100,000
Expenses of the Issue (refer to section 4.6)	75,000	75,000
Administration - Australia	275,000	275,000
Other working capital	300,000	300,000
TOTAL	1,800,000	2,000,000

In the event the Company raises greater than the minimum subscription, but less than the full subscription, the Company intends to apply those funds (being the amount by which the total funds raised exceed \$1,800,000) firstly to Advertising to a maximum of \$100,000, then to inventory.



Section 2: Details of the Offer

2.1 SHARES AND OPTIONS OFFERED FOR SUBSCRIPTION

This Prospectus, subject to the conditions set out below, invites investors to apply for a total of up to 10,000,000 Shares at a price of 20 cents each, together with up to 10,000,000 free attaching Options, on the basis of one Option for every one Share subscribed for, to raise up to \$2,000,000.

Conditions of the Offer

The Offer contained in this Prospectus is subject to the shareholders of Optima passing Resolutions 2 and 3 as set out in the Notice of General Meeting of shareholders of Optima dated 20 February 2004. The resolutions deal with the following specific matters:

Resolution 2

Shareholder approval pursuant to ASX Listing Rule 11.1, for a change in the nature and scale of the activities of the Company; and

Resolution 3

Shareholder approval pursuant to ASX Listing Rule 7.1 for the allotment and issue of up to 10,000,000 Shares and 10,000,000 Options pursuant to a prospectus.

If these conditions of the Offer are not satisfied by 27 March 2004, the Offer will not proceed and all application monies for the Offer will be returned to investors, without interest, as soon as practicable and in accordance with the Corporations Act.

2.2 MINIMUM SUBSCRIPTION

The minimum subscription for the Offer is \$1,800,000. No Securities will be issued pursuant to this Prospectus until the minimum subscription is reached.

Should the minimum subscription not be reached within four months after the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act.

2.3 OVERSUBSCRIPTIONS

Oversubscriptions will not be accepted.

2.4 PURPOSE OF THE OFFER

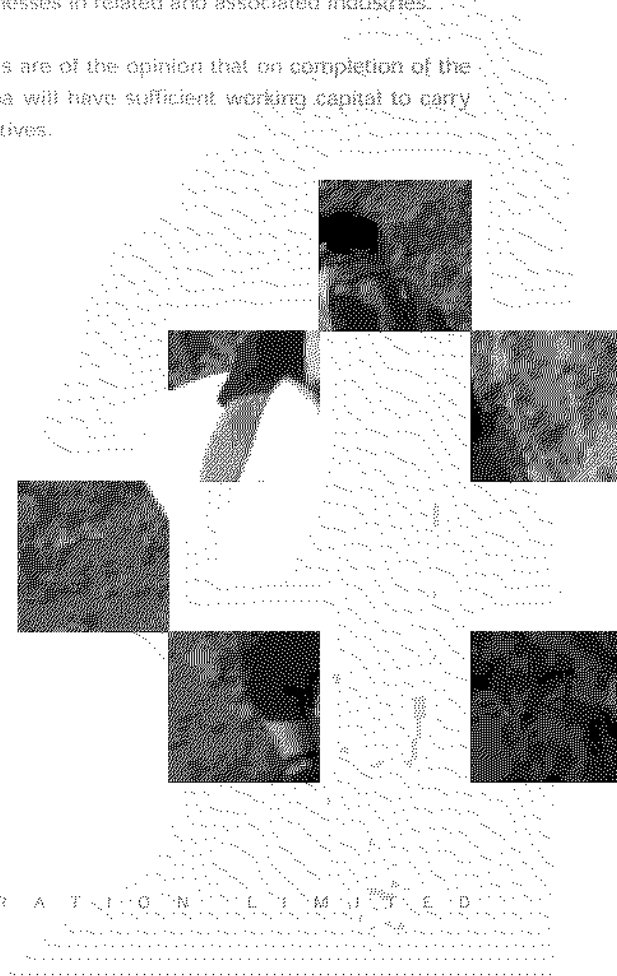
The purpose of the Offer is:

- (a) to fund the launch, promotion, sponsorship and marketing of the "West" brand name in the United States of America;
- (b) to fund the acquisition of the necessary inventory level to launch the "West" range of products in the United States;
- (c) to fund part of the payment of committed licence fees under the Licence granted to WSP;

(d) to fund the costs of the issue; and

(e) to provide additional working capital to fund the future growth of the Group, including the assessment of potential acquisitions of established businesses in related and associated industries.

The Directors are of the opinion that on completion of the Offer, Optima will have sufficient working capital to carry out its objectives.





Section 2: Details of the Offer (Cont).

2.5 ALLOTMENT AND ALLOCATION OF SECURITIES

The allotment of Securities to Applicants will occur as soon as possible after the Offer is closed, following which statements of holdings will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in Securities. Applicants who sell Securities before they receive their holding statements will do so at their own risk.

Pending issue of the Securities, or return of the application monies, the subscription monies will be held in trust for the Applicants.

The Company has the right to allocate Securities under the Offer. The Company may reject any Application or allocate any fewer Securities than applied for under the Offer.

If an Application is not accepted, or is accepted in part only, the relevant part of the application monies will be refunded. Interest will not be paid on application monies refunded.

2.6 UNDERWRITING

The Issue has not been underwritten.

2.7 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Securities on the basis of this Prospectus.

No action has been taken to register or qualify the Securities or the Offer or otherwise to permit an offering of the Securities in any jurisdiction outside Australia.

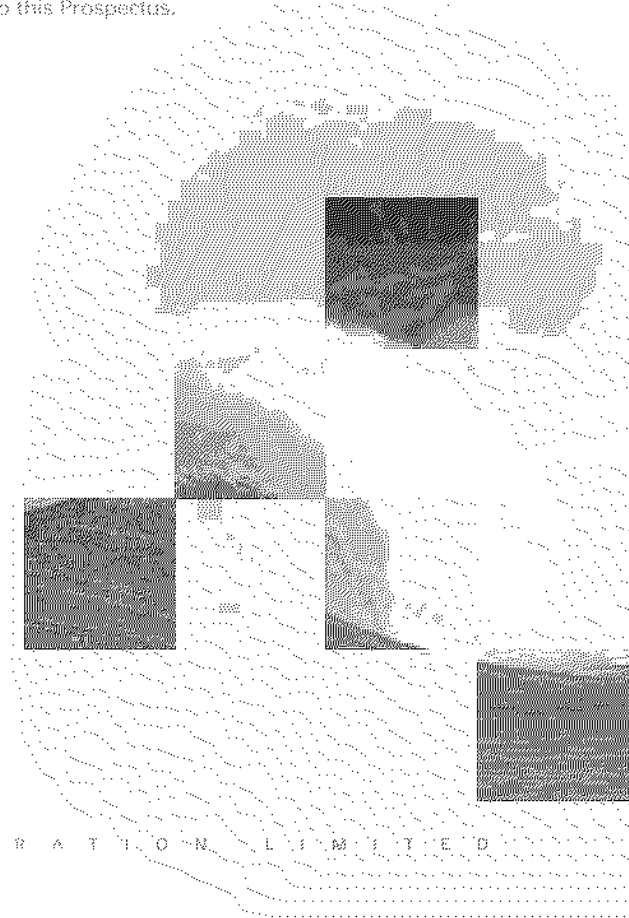
2.8 ASX LISTING

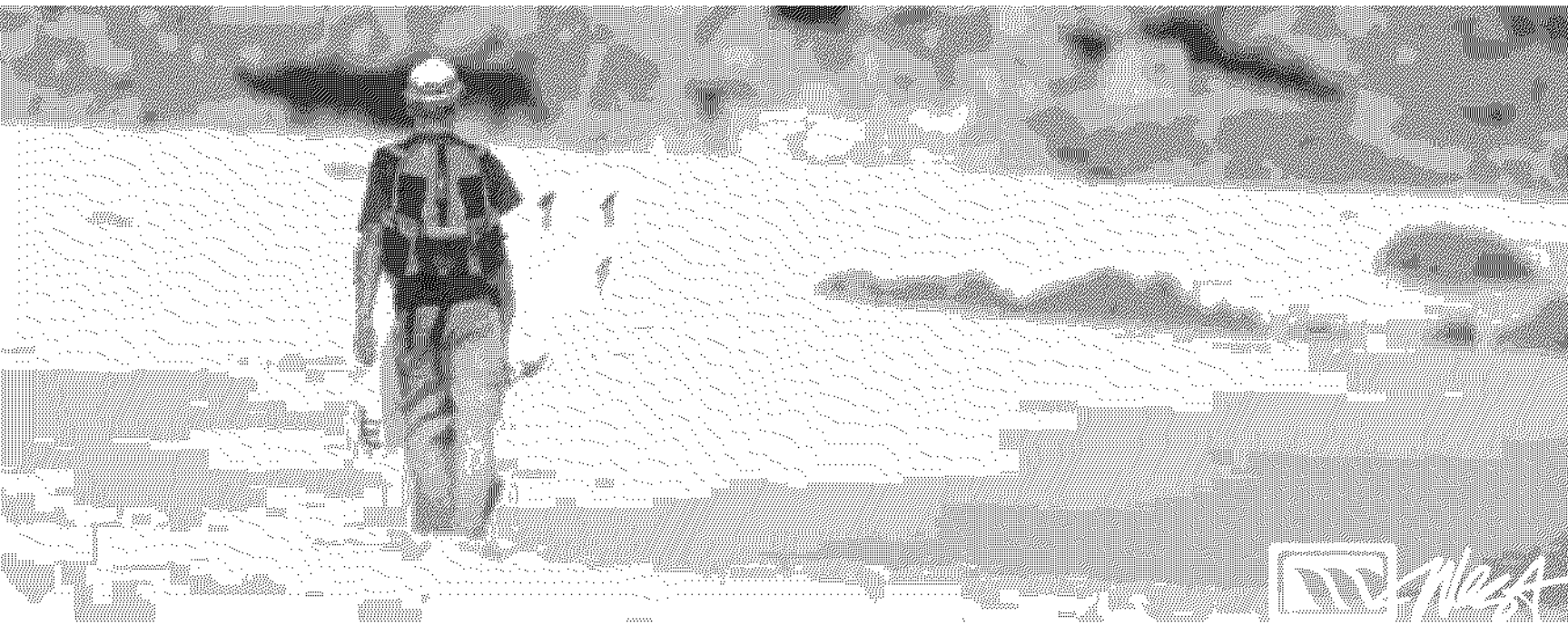
Within 7 (seven) days after the date of this Prospectus, application will be made for admission of the Securities offered by this Prospectus to Official Quotation by ASX.

If the Securities offered by this Prospectus are not admitted to quotation within 3 (three) months after the date of this Prospectus, the Company will not allot or issue any Securities,

and will repay all application monies without interest and within the time prescribed by the Corporations Act.

The ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant quotation of the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities offered pursuant to this Prospectus.





Section 2: Details of the Offer (Cont.)

2.9 CHANGE OF ACTIVITIES

This Offer and the Company's acquisition of WSP has resulted in a change in the nature and scale of the Company's activities from a company involved in the development of a financial management service to a company focussed on the development of the "West" surfing brand in the USA.

The Company has scheduled a general meeting (to be held on 26 March 2004) to obtain Shareholder approval for the change in the nature and scale of the Company's activities as required by ASX Listing Rule 11.1 and other ASX policies. The Offer is subject to Shareholder approval (refer Section 2.1).

The Company's Securities were suspended from quotation at the commencement of trading on 6 February 2004 until the Company has re-complied with the admission requirements of ASX set out in Chapters 1 and 2 of the ASX Listing Rules. As part of these admission requirements, the Company must issue a prospectus and successfully complete a capital raising at a minimum price of 20 cents per Share.

2.10 CHESS

Optima participates in the Clearing House Electronic Sub-register System ("CHESS"), operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC) a wholly owned subsidiary of ASX, in accordance with the Listing Rules and SCH Business Rules.

Under this system, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in Optima. If an investor is broker sponsored, ASTC will send them a CHESS statement.

The CHESS statement will set out the number of Securities allotted to each holder and give details of their Holder Identification Number, in the case of a holding on the CHESS sub register.

In the case of an Issuer Sponsored Sub-register, the statement will contain the number of Securities allotted and the Security Holder Reference Number.

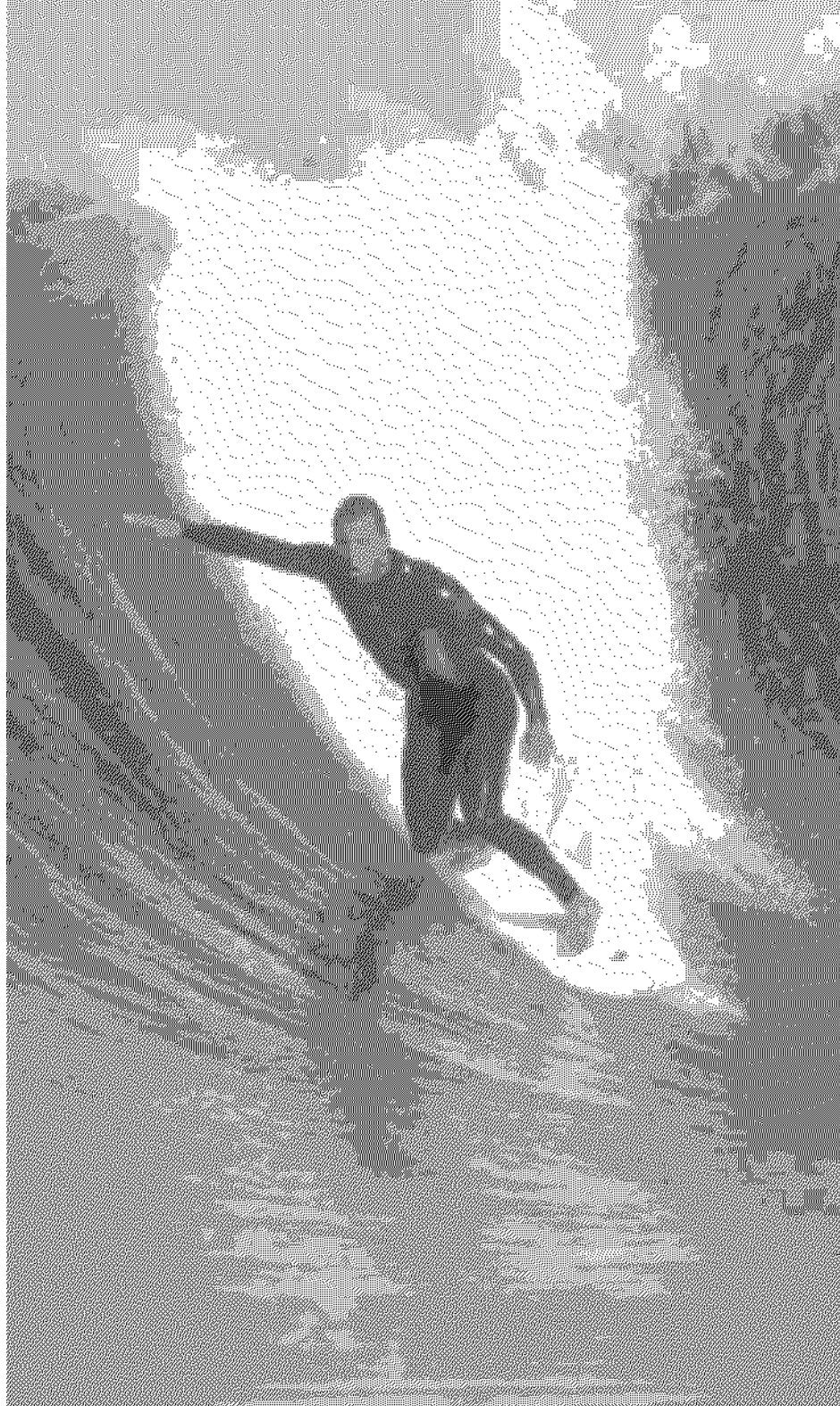
A CHESS statement or Issuer Sponsored statement will routinely be sent to holders at the end of any calendar month during which the balance of their holding changes. A holder may request a statement at any other time, however, a charge may be incurred for additional statements.

2.11 OPENING AND CLOSING DATES

Subscription lists will open on 10 March 2004, or such later date as may be prescribed by ASIC, and will remain open until 5.00pm WST on 24 March 2004 subject to the right of Optima to either close the Offer at an earlier time or to extend the Closing Date without prior notice.

Applicants are encouraged to submit their Applications as early as possible.

No Securities will be issued on the basis of this Prospectus later than 13 (thirteen) months after the date of this Prospectus.



Section 2: Details of the Offer (Cont).

2.12 HOW TO APPLY

Applications can only be made on an Application Form issued with and attached to this Prospectus in Section 12.

The Application Forms must be completed in accordance with the instructions set out on the back of each Application Form.

Completed Application Forms and accompanying cheques should be lodged at any time after the issue of the Prospectus with:

Optima Corporation Limited
c/- Computershare Investor Services Pty Limited
GPO Box D182
PERTH WA 6840

or delivered to:

Optima Corporation Limited
c/- Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000

Cheques must be made payable to "Optima Corporation Limited Share Subscription Account" and crossed "Not Negotiable". No brokerage or stamp duty is payable by Applicants.

Applications must be for a minimum of 10,000 Shares at 20

cents per Share. Applications for more than 10,000 Shares must be in multiples of 1,000.

2.13 ENQUIRIES IN RELATION TO THE OFFER

This Prospectus provides information for potential investors in Optima, and should be read in its entirety. If after reading this Prospectus, you have any questions about any aspect of an investment in Optima, please contact your stockbroker, accountant or independent financial adviser.

2.14 RISK FACTORS

Prospective investors in the Company should be aware that subscribing for Securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 5 of this Prospectus and investors are urged to consider those risks (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 5, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.

2.15 PRIVACY STATEMENT

If you complete an Application, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and Option Holder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Share Registry at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the SCH Business Rules. You should note that if the information required on the Application is not provided, the Company may not be able to accept or process your Application.



Section 3: Overview of the Company's Activities

3.1 INTRODUCTION

On 19 December 2003, Optima announced the acquisition of West Surfing Products (USA) Pty Ltd ("WSP"), which has an exclusive licence to manufacture, market, use, sell and distribute products ("Licence") designed by the well known West Australian surf company "West Surfing Products" within the world's largest surf market, the United States of America.

The Licence, which has a term of 10 years (with rights to extend for two further terms of ten years each), allows WSP to use and exploit all of the trade marks and logos owned by West Surfing Products, and to manufacture new products bearing the logos and trade marks anywhere in the United States. If required, WSP also has the right to have these products manufactured anywhere in the world, so long as the finished products are sold and distributed within the USA. The Licence carries a licence fee of \$250,000 payable over a two-year period and a royalty and sponsorship fee based on gross sales revenue. An amount \$50,000 of the abovementioned Licence fee has already been paid.

The funds raised pursuant to this Prospectus will be used to fund the operations associated with exploiting the Licence in the United States.

3.2 THE WEST BRAND AND HISTORY

West Suits Pty Ltd, the owner of the intellectual property and brand associated with West Surfing Products, was

founded in Perth, Western Australia in 1982, by Patrick Leahy and Roger Lily. It began as a grass roots surfing company revolving around the manufacture of custom wetsuits for friends and other local surfers. Their aptitude for manufacturing quality wetsuits soon spread amongst the Western Australian surfing community resulting in the establishment of a factory and suitable staff to meet the growing demand.

As the wetsuits gained in popularity, new styles were developed followed by a range of "branded" t-shirts. Increased demand provided the impetus for the company to expand, offering a complete range of men's and women's apparel, together with accessories such as back packs, travel bags, towels, wallets, belts, hats etc.

West Surfing Products has evolved from its humble origins to be a key competitor in the lucrative world surf market. It has become known the world over as a hardcore surf company responsible for the manufacture and distribution of lifetime guarantee wetsuits and quality surf clothing and accessories.

The brand represents the freedom and escapism felt from the experience of surfing and travelling throughout the world looking for the perfect uncrowded surf spot.

The markets expanded beyond Western Australia to include licensees in Japan, Europe, New Zealand and Indonesia, and distributorships in Singapore, Malaysia and Taiwan. Significantly, the licence operation in Japan was issued over 12 years ago and remains one of the most competitive

wetsuit brands in that market, known as one of the toughest wetsuit markets in the world.

The ever increasing global popularity of the surfing culture and associated lifestyle, combined with West's hardcore heritage and credibility, has created exciting opportunities for the West brand name, none greater than that offered by the US market.

3.3 THE WEST BUSINESS IN THE USA

As previously mentioned, Optima through its newly acquired wholly owned subsidiary WSP, has been granted the exclusive licence to manufacture, market, use, sell and distribute products designed by the well known West Australian surf company "West Surfing Products" within the world's largest surf market, the United States of America.

This represents an exciting opportunity to emulate the likes of Quiksilver, Billabong, and Rip Curl, all of whom originated in Australia and are now recognised as the world leaders in the surf industry.

Optima, although recognising that the surf market in the USA is highly competitive, believes that the West history, credibility, heritage and product mix, places the Company in a unique position to capture market share of a material nature, of the lucrative US market, estimated to be worth in excess of US\$3 to 4 billion at the wholesale level in 2002.



Section 3: Overview of the Company's Activities (Cont.)

Quiksilver is listed on the New York Stock Exchange and as of 17 February 2004, had a market capitalisation of approximately US\$1.06 billion. The company recorded sales of US\$975 million during the year ended 31 October 2003.

Billabong, which listed on the ASX in August 2000, has a market capitalisation of approximately A\$1.4 billion and reported sales of A\$ 623 million during the financial year ended 30 June 2003.

The enormous success of Australian surf brands in the US demonstrates that the American market accepts and appreciates Australia's rich surf culture. Australia has also produced numerous world surfing champions in both the men's and women's divisions, has a number of surf breaks that are recognised globally, holds a number of the World Championship four events and over 23 of the Top 44 ranked male surfers in the world (2003) were Australian, and 8 of the Top 16 female surfers, including the World Champion, were Australian.

The Products

WSP will enter the US market with a comprehensive product line, which may be categorised as follows:

- Wetsuits & accessories; and
- Clothing & accessories.

The funds raised will, amongst other purposes, be applied to establish an appropriate inventory level of these products.

Wetsuits

Currently West Surfing Products produces four series of wetsuits namely the Edge, Nitro, Pulse and Enforcer. Each series are distinct in styling, features and price resulting in over 20 different styles in 9 sizes (including youth).

Important features of the range include price, warmth, flexibility, and aesthetic appeal.

West Surfing Products use the best materials available with manufacturing currently conducted in China and/or Taiwan by, in the Board's opinion, the leading neoprene and wetsuit producer in the world. This provides the Company with a significant competitive edge and ensures that new release products are at the forefront of the industry.

Wetsuit accessories include both booties and rash guards, both available in various styles and sizes.





Section 3: Overview of the Company's Activities (Cont).

Clothing

The clothing line consists of a comprehensive range of both men's and women's apparel which includes, but is not limited to the following:

"t-shirts, dress shirts, long-sleeve t-shirts, polo t-shirts, board shorts, walk shorts, dress shorts, caps, hats, jeans, jackets, jumpers, sweat shirts, skirts, tops, bags, wallets, towels, socks, belts, and other fashion accessories."

Other accessories include an extensive range of back packs and travel luggage.

Clothing and accessories are currently manufactured in China, Mauritius and Korea.

The Licence includes the requirement for the Licensor to provide all patents, trademarks, copyrights, artwork, designs, proofs, advertising and marketing material to WSP. Furthermore, it provides the opportunity for WSP to develop, alter and create new designs without interference from the Licensor. Any new designs will vest with WSP.

It is the intention of the Company to market the current product line in its entirety. New designs will be developed in the USA, to accommodate cultural nuances and seasonal differences.



Future Products

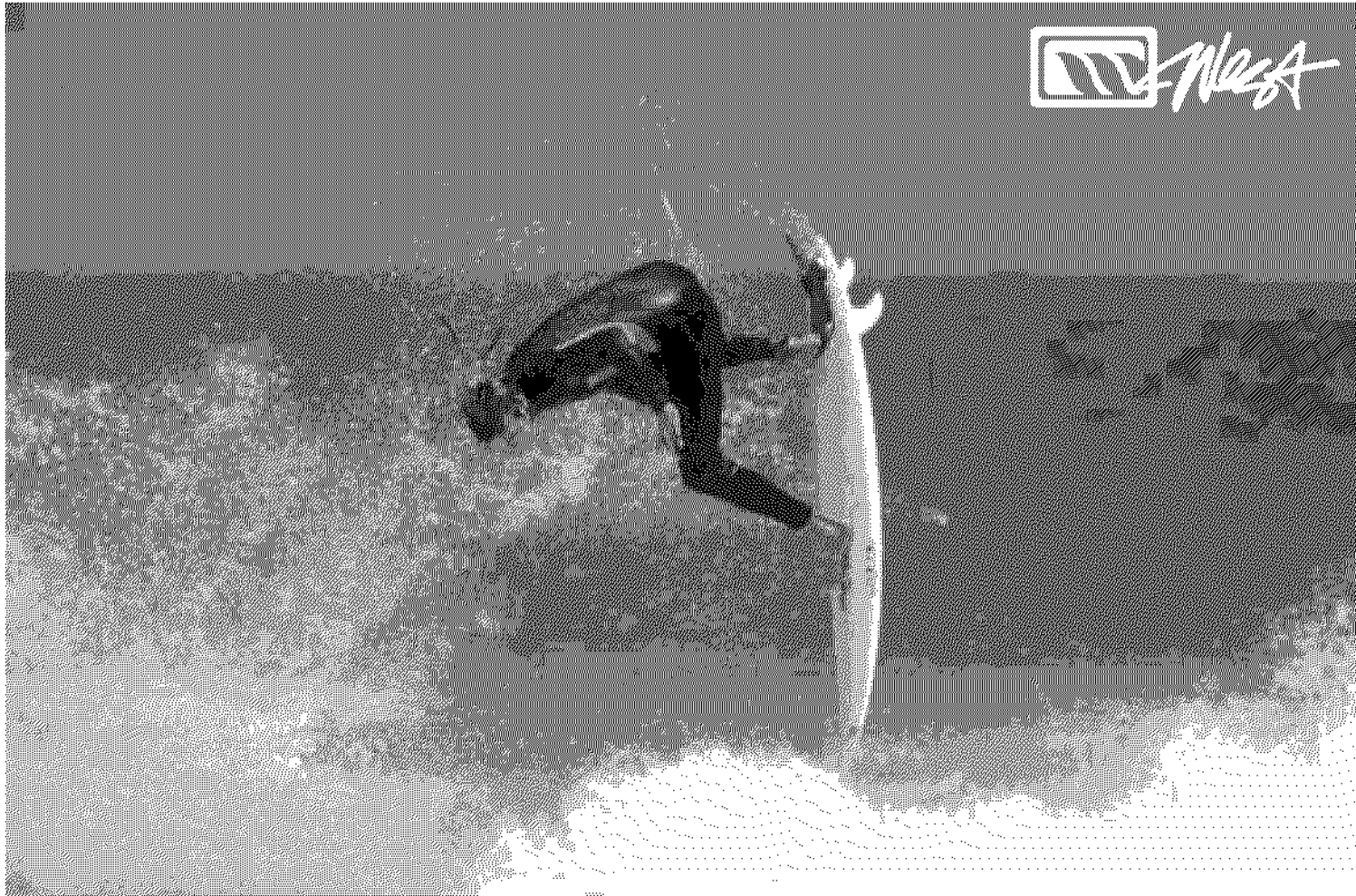
In recent years, West Surfing Products has spent a considerable amount of time and money on research and development to improve the warmth and flexibility of wetsuits generally. To this end significant results have been achieved.

WSP will continue in this research and development to remain at the forefront of the wetsuit market. Accordingly, considerable weight will be given to responses from the people using the products every day, namely, team riders, the retailers and staff, which will enable WSP to maintain a highly competitive product.

Furthermore, the use of one of the world's leading neoprene manufacturers will provide leading edge technological developments in the application of raw materials, automatically providing opportunities to be 'first to market' with some developments.

In terms of apparel, success will hinge on WSP's ability to provide the market with a range of alternative, edgy design on a consistent basis, year in, year out. New products in this area will be driven by trends rather than technological advances, with an overall reliance on the strength of the brand.

In any event, the Directors believe that it is through building a solid reputation as a quality wetsuit company that the foundations will be laid to allow WSP to exploit the more lucrative surf clothing market.



Section 3: Overview of the Company's Activities (Cont.)

Market Size and Growth

The Independent Market Research Report in Section 7 states that the US market is the largest regional surf market in the world, with the wholesale value of sales estimated to be between US\$3 and 4 billion annually.

In 2002 the Surf Industry Manufacturers Association (SIMA) estimated the total number of surfers and bodyboarders (referred to as 'waveriders') in the US to be 2.26 million. Of those, participants in surfing were reported to have experienced growth of over 17% from 2001 to 2002.

With an estimated 500,000 women actively surfing in the US in 2002 (double that of 1996) future growth rates for the surfing products industry in the US market is estimated to be approximately 15%. This expectation of growth in sales is also due to the broadening appeal of surfing products to waveriders as well as people seeking to identify with the surfing lifestyle image. Additional investment in the industry by the larger competitors further indicates expected growth.

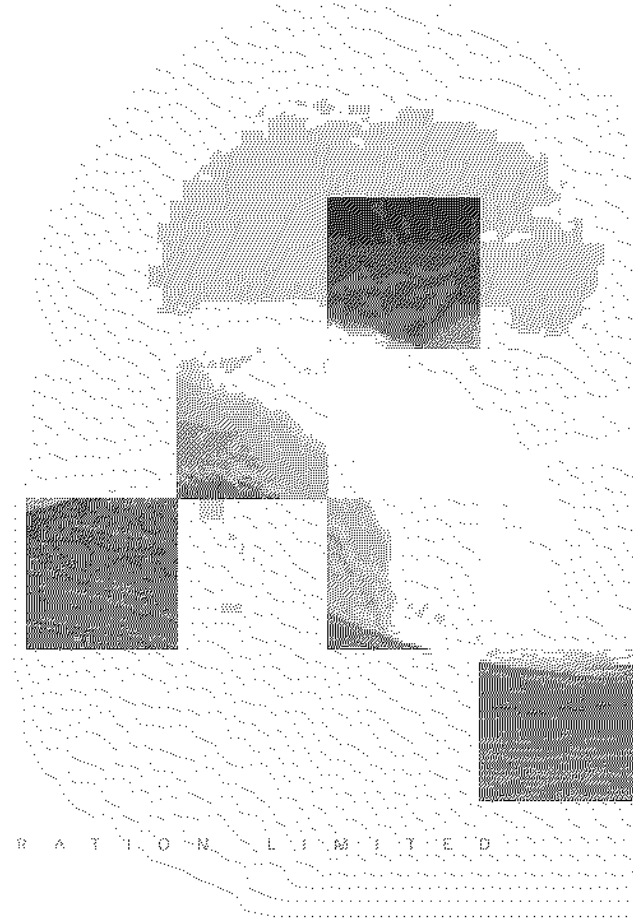
As previously stated, the wholesale value of the surf industry is estimated to be between US\$3 to 4 billion. The vast majority of this is generated through clothing sales and it is within this market segment where the majority of profits are generated. The last five years has seen a clear fashion shift towards 'street wear' (as distinct from formal

or casual wear), a style made popular by labels such as Rusty, Billabong, Quiksilver and Volcom, whose core markets are represented by the surfing fraternity. Currently, the revenue of West Surfing Products is generated by wetsuits (25%) and clothing (75%). A similar distribution pattern over time is anticipated in the USA.

Customers & Distribution

By its very nature surfing is predominantly a young person's sport. Not surprisingly, demographic analysis has identified the 8 to 25 year old surfers living in the coastal regions of mainland USA and Hawaii as the ideal target market. This profile represents the largest percentage and most easily influenced section of the surf market. All of the Company's marketing is based on this premise so other factors are given more analysis when considering distribution. Waveriders in the United States are distributed as follows:

Pacific	926,600
South Atlantic	497,200
Middle Atlantic	293,800
Other	180,800
West South Central	158,200
East North Central	113,000
Mountain	90,400
	<u>2,260,000</u>





Section 3: Overview of the Company's Activities (Cont.)

Clearly, the Company's focus will be on the West Coast (Pacific) however over time, sales are expected to reflect the above distribution pattern.

The Independent Market Research Report identifies distribution as a critical factor influencing brand positioning. In establishing a presence in the US market the Company must be very conscious of securing and maintaining the West brand's credibility within the core surf market. Distribution through certain mass market or discount distribution channels may dilute brand credibility among those actively participating in surfing activities. It is therefore imperative that WSP carefully analyses and understands the target market and any potential impact on brand positioning to identify appropriate retailers and distributors of West products.

Surf apparel is sold through a range of retail outlets including:

- surf retailing chains;
- specialty surf stores;
- large department stores;
- discount department stores;
- large sportswear/leisurewear retailers; and
- stores owned by the surf companies themselves such as Quiksilver, Rip Curl and Billabong.

Surf shops were identified in the Independent Market Research Report to dominate the distribution for wetsuits in the US, representing approximately 72% of purchases by waveriders in 2002. Given this, WSP will focus on securing distribution through the surf chains and speciality stores only, as they represent the core surfing market, which is the primary focus of West.

In compiling a list of retailers suitable for distribution of the Company's products, WSP have considered the following relevant factors:

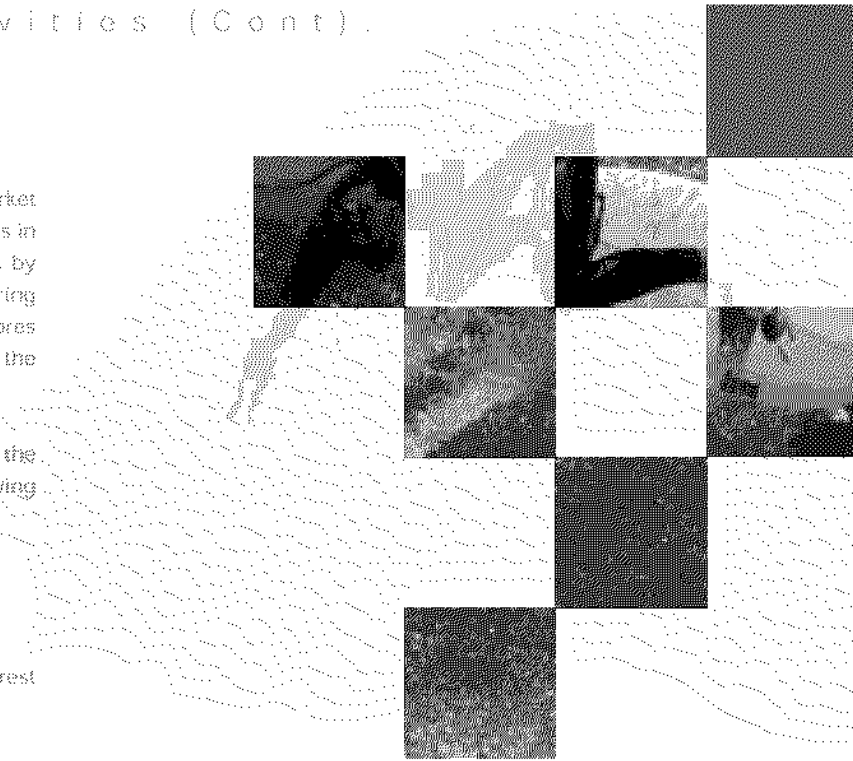
- Geographical demographics;
- Surf shops' status and reputation;
- Current lines being carried; and
- Surf shops' specific location in relation to the nearest local surf spot.

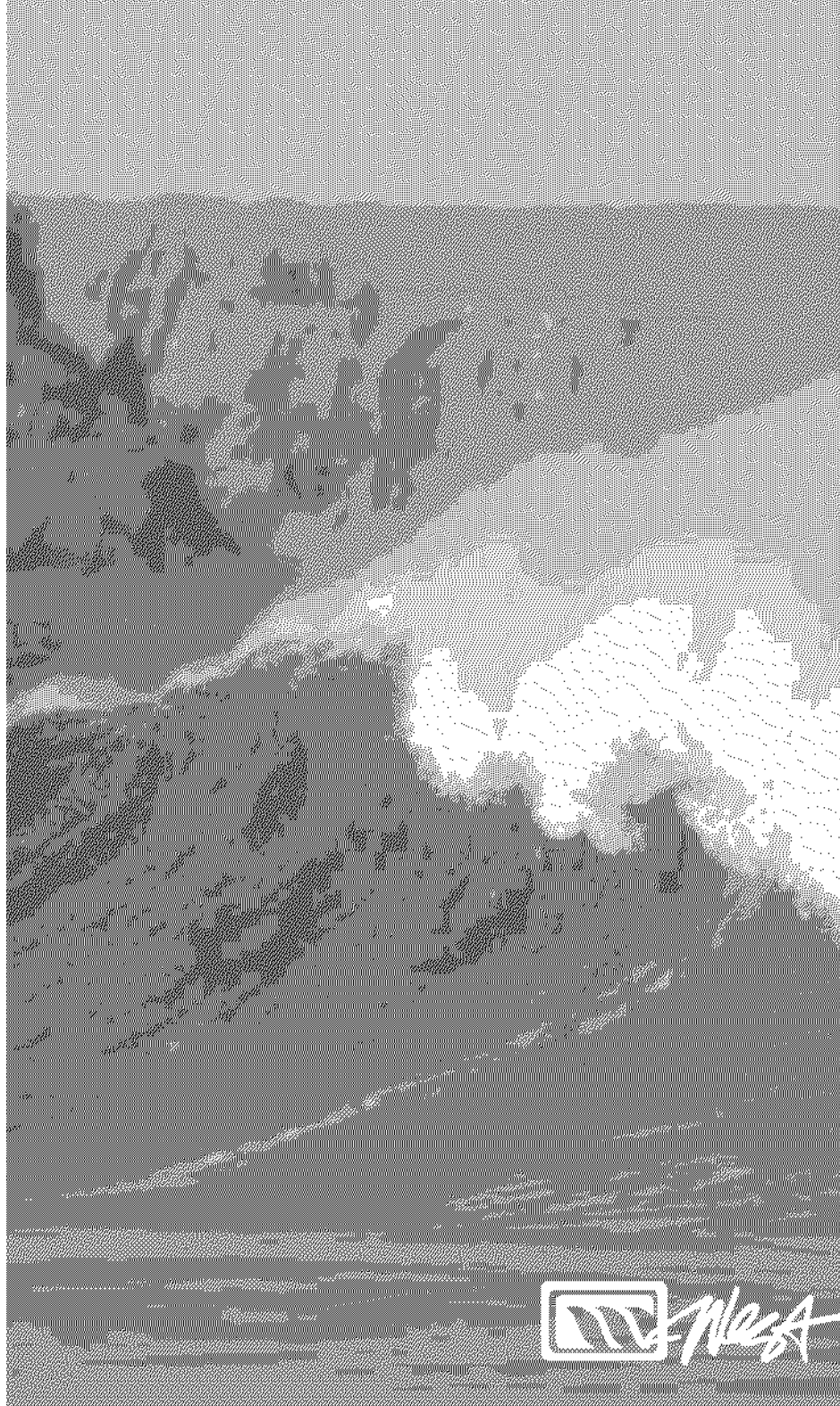
Reliance on distribution through core surf shops is seen as critical to WSP's success in the US market and therefore will receive particular emphasis in the Company's marketing strategies.

Manufacturing

Currently, all WSP wetsuits are manufactured in China and/or Taiwan, by, in the Directors' opinion, the world's leading wetsuit manufacturer.

The materials used are at the complete discretion of WSP and current costs allow the Company to be highly competitive in the US.





Section 3: Overview of the Company's Activities (Cont.)

In the event of some unforeseen circumstances, the Company has an established relationship with an alternative manufacturer, thus reducing reliance on one manufacturer and therefore risk.

Although much of the initial apparel product line will be designed in Australia, all manufacturing will continue to be sourced from China, Mauritius and Korea. Manufacturing in the USA may be economical for some of the apparel line and relationships with such manufacturers are already established.

Facilities

The Company has yet to make a final decision on the location of the distribution and warehousing facilities in the United States, however, Southern California is considered ideal as it is centrally located being within two hours of the great majority of surf retailers, clothing manufacturers, port facilities and industry giants.

3.4 BUSINESS PLANS AND OBJECTIVES

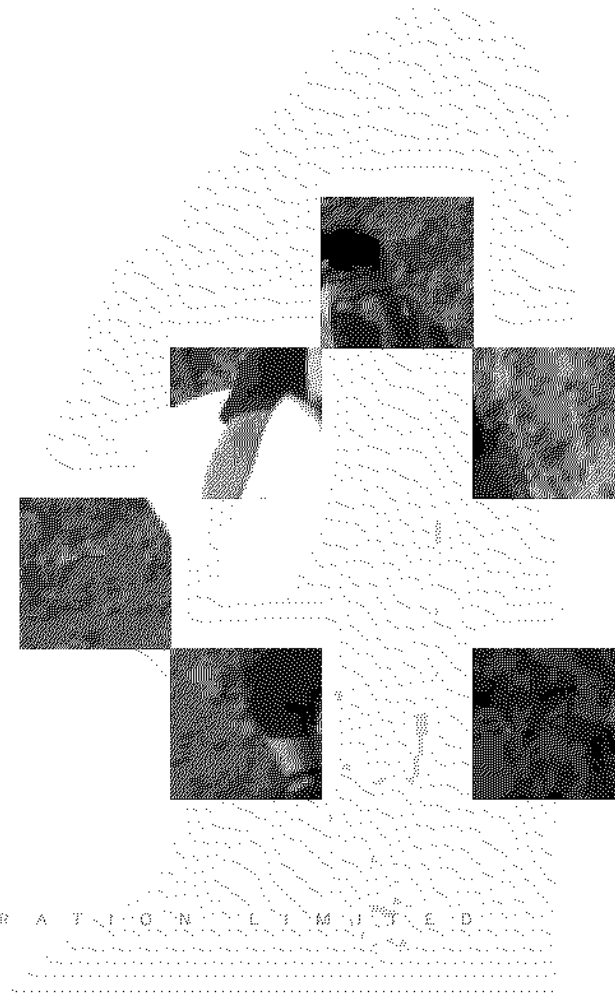
Initially, WSP will focus on the following objectives:

- Appoint a suitably qualified and experienced CEO;
- Begin key marketing initiatives including brand awareness, advertising in key industry magazines and sponsorship of local surfers;
- Secure and establish a suitable distribution warehouse in Southern California;
- Appoint key personnel in areas of sales, marketing and logistics; and
- Begin distribution of the product through carefully selected surf retailers.

Amongst other purposes, the funds raised from the Offer will be applied towards advertising, marketing and sponsorship activities described below.

The West Brand, Marketing & Sponsorship

WSP will initially focus its marketing efforts on brand awareness, targeting the largest demographic within the core surf market. Advertising through industry magazines such as 'Surfer' and 'Transworld Surf' are key to this brand awareness. This advertising will be complimented by those already appearing in various Australian, European and Japanese media, some of which are distributed worldwide. Other promotional media such as posters and stickers will also be used as a means to increasing brand awareness.





Section 3: Overview of the Company's Activities (Cont.)

WSP will also sponsor a team of US based surfers who will compliment those Australian, European, Japanese and New Zealand sponsored surfers that already appear in various publications as referred to above. Such sponsorships are important in building brand credibility amongst those actively participating in surfing related activities and whose attitudes subsequently influence those of the wider market of consumers.

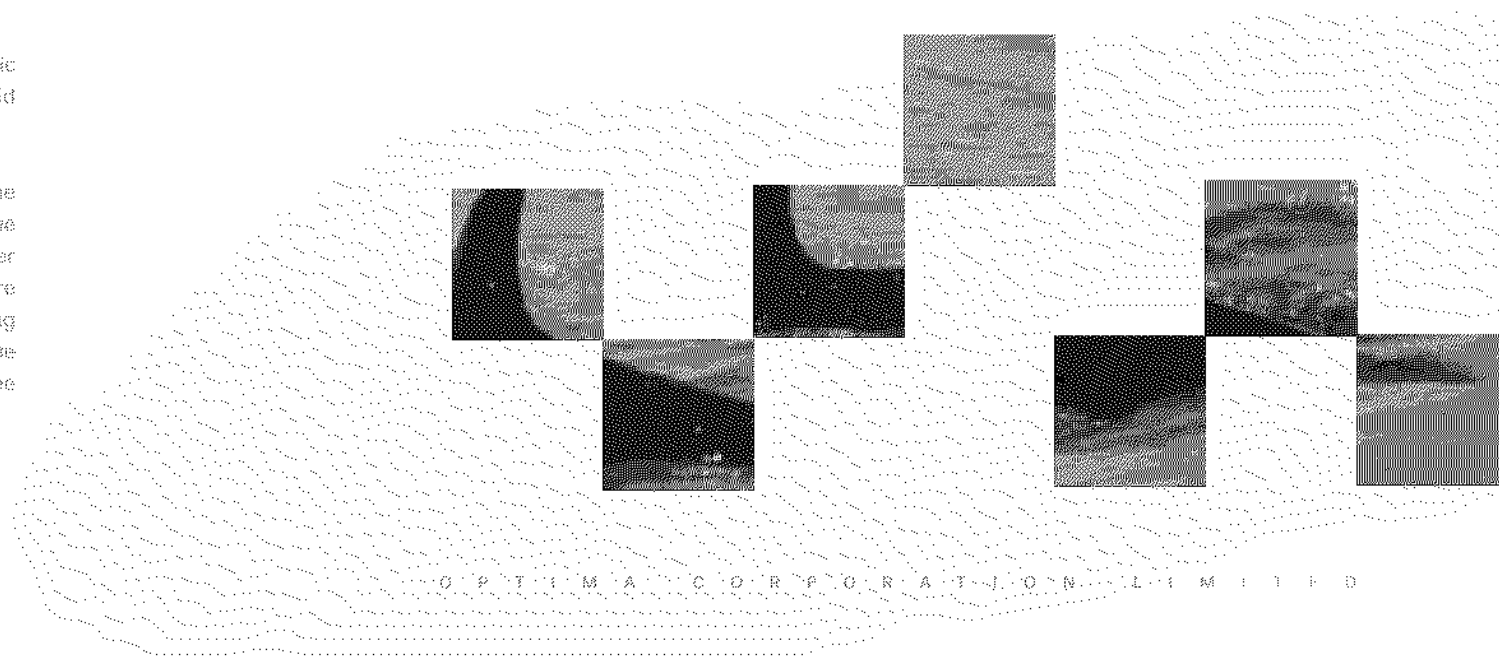
The Company's commitment to grassroots surfing, including in the US, will see many amateur surfers sponsored by WSP, particularly junior surfers who participate in the National Scholastic Surfing Association events. WSP is conscious of the brand's evolution and roots and will ensure that this relationship is continually fostered, promoted and developed.

The levels of sponsorship will vary greatly, from basic clothing giveaways to quality surfers, to highly paid professionals.

Notwithstanding the apparent marketing focus on the "core" market, success on a large scale is a function of the brand being accepted and deemed desirable by the broader market, who often will never participate directly in the core activity of surfing but rather seek to identify with the surfing lifestyle image. However, WSP must first ensure that the core market accepts the brand before it can expect to see demand being generated from the broader market.

It is critical that the US market believes that the brand represents authenticity and credibility and to this extent, the Director's believe that the brand's 22 year history, Australian heritage and worldwide brand recognition within the core surfing market, will greatly contribute to this acceptance.

WSP in formulating a business plan for the US market has a clearly developed and articulated marketing strategy, the majority of which cannot be divulged due to the sensitive nature of the information.





Section 3: Overview of the Company's Activities (Cont).

3.5 THE OPTIMONEY BUSINESS

Since its admission to the Official List of ASX on 25 January 2002, the Company has directed its funds towards the development of the Optimoney business in Australia, Malaysia, Singapore and the United Kingdom. Optimoney is a system that enables individuals to better manage their personal finances. This is achieved with efficient cash flow management, rapid repayment of debt and the incorporation of their other financial management needs such as future planning, personal insurance, investment and retirement planning. Optimoney does not provide insurance or investment advice but assists those advisers who are licensed to do so.

The Optimoney system is designed to achieve the following:

- optimise clients' surplus regular income and savings;
- consolidate credit card facilities (i.e. mortgage, credit cards, car loans) and savings to provide one low cost bank facility; and
- thereby reducing the period of long term debt, resulting in substantial interest cost savings.

For financial advisers, Optimoney is an effective marketing system, enabling them to better provide a complete financial services package for their clients.

A key benefit of the Optimoney system is the accelerated retirement of debt, achieved through careful loan re-

structuring and consolidation, cash flow modelling and budgeting, with target goals set and ongoing support from advisers (sub-licensees). Experience has shown that considerable interest and time savings can be made using the Optimoney system compared with conventional loan and bank account management.

The five key features of the Optimoney system are:

- the elimination of the bank's margin between interest paid and interest received;
- the elimination of tax payable on interest on bank savings;
- the consolidation of multiple credit card facilities into one with the lowest interest burden;
- saving bank fees on multiple accounts; and
- the ongoing monitoring of income, expenditure, assets and liabilities.

3.6 THE FUTURE OF THE OPTIMONEY BUSINESS

The Company's efforts to derive a commercial return from its investment in the Optimoney system did not encounter any success and by early 2003, a decision was taken to limit any further investment activity. The Company therefore curtailed its activity to Australia.

In the short term, the Company intends to continue its review of opportunities in the Optimoney business. It is intended that expenditure and investment in this continuing activity will not be of a material nature.

In the medium term, the Company will conduct a strategic review of this activity and consider alternate funding possibilities for its future development.





Section 4: Directors and Senior Management

4.1 PROFILE OF DIRECTORS

Mr Blair Edward Sergeant, B.Bus, Post. Grad. Dip Bus., ACPA, ACPA
Managing Director

Mr Sergeant graduated with a Bachelor of Business and a Post Graduate Diploma in Business (Corporate Administration), both from Curtin University, Western Australia. He is a member of the Chartered Institute of Company Secretaries and an Associate of the Australian Society of Certified Practising Accountants.

Mr Sergeant is currently a non-executive director or company secretary of a number of companies listed on the ASX, and a partner with accounting firm, Anthony Ho & Associates. He is also the Managing Director of WSP.

Mr Jong Kan Foo, B.Sc (Hons), MS (Agric), MSISV
Non-Executive Director

Mr Foo graduated from the University of New South Wales in land surveying.

Mr Foo has considerable commercial and business management experience. He is currently the principal of J K Foo and Associates Surveyor Pte Ltd, a consulting surveying firm operating in Singapore. Mr J Foo is also the Executive Chairman of Leun Wah Electric Co (Pte) Ltd, a leading electrical contracting company in Singapore.

Mr Foo is also a director of Optimoney Australia Pty Ltd, Optimoney International Limited-Group and WSP.

Dr Yung Kuan Foo, MSc, PhD
Non-Executive Director

Dr Foo has a doctorate degree in engineering from the University of Oxford in the United Kingdom and a masters degree in Electrical Engineering and Computer Science from the Massachusetts Institute of Technology in the USA.

He is currently the Chief Executive Officer of Leun Wah Electric Co (Pte) Ltd.

Dr Foo holds a number of positions on national technical committees with the Singapore Productivity and Standard Board, such as the Singapore Electrical and Electronic Product Standards Committee. In addition, he is a Council Member and the Treasurer of the Central Singapore Community Development Council.

Mr Anthony Ho, ACCA, CA
Non-Executive Director and Company Secretary

Mr Ho graduated in 1980 with a Bachelor of Commerce from the University of Western Australia. He qualified as a Chartered Accountant in 1983. Mr Ho is presently the principal of a public practice, specialising in providing corporate and financial services to listed companies.

Prior to establishing his practice in 1991, he spent 7 years in a senior corporate role with a major investment and resource group in Western Australia. He is currently non-executive director and company secretary of a number of listed companies.

Mr Ho is also a director of Optimoney Australia Pty Ltd and WSP.

Section 4: Directors and Senior Management (Cont.)

4.2 CORPORATE GOVERNANCE

The Board of Directors

The Company's Constitution provides that the number of directors is not less than three and not more than nine. There is no requirement for any share holding qualification.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of directors required to adequately supervise the Company's business will be determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to the Board's duties and physical ability to undertake the Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's Constitution, the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to

reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Appointments to Other Boards

Directors are required to take into consideration any conflicts when accepting appointment to other Boards.

Independent Professional Advice

The Board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside advisor is subject to prior

approval of the Board and this will not be withheld unreasonably.

Risk Identification and Management

The Board is committed to the identification, monitoring and management of risks associated with its business activities and has established policies in relation to the implementation of practical and effective control systems.

Code of Conduct

The Company has a formal code of conduct that will require all its directors, officers, senior management, employees and, where applicable, contractors and consultants to observe high standards of ethics and behaviour in all of the activities, including the Company's interaction with its shareholders, customers, consumers, suppliers, business partners, the community and the environment in which it operates.

Directors' Trading in Company Securities and Disclosure of Directors' Interests

The Company has a formal policy that reinforces to all its directors, officers and employees, the operation of the prohibition against insider trading and sets out the requirements for dealing in its securities.

Section 4: Directors and Senior Management (Cont).

Disclosure Obligations

The Company is committed to observing its disclosure obligations under the Corporations Act and its obligations under ASX Listing Rules.

Optima is conscious of the importance of maintaining effective communications with shareholders and has in place a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings. Optima also maintains an up-to-date website to complement the official release of information to the market.

The Board is reviewing its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines 2003 with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of any formal corporate governance committees will be given further consideration.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that the business of Optima is in the early stages of development and therefore has inherent risks. Notwithstanding this, the operational strategies adopted by the Group should be directed towards improving or maintaining the net worth of the Group.

Section 5 : Risk Factors

An investment in the Company has risk and prospective investors should consider the risk factors in this section, together with the information contained in this Prospectus, before deciding whether to apply for Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

These risk factors, and others not specifically referred to may, in the future, materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

5.1 LIMITED HISTORY

Despite the 22 year history of West and the brand name in Australia, the business associated with the West brand name in the United States of America has a limited operating history upon which to evaluate its prospects. The Company's prospects must be considered in light of the risks, expenses and difficulties encountered by companies in their early stages of development.

To date, the Company has not generated revenues from its business. There can be no assurance that revenue achieved, or growth in revenues will be stimulated and continue or that the Group will operate profitably in the future.

5.2 SHARE MARKET RISKS

Investors should recognise that the price of Securities may fall as well as rise. In particular, the trading price of Securities at any given time may be higher or lower than the price paid under this Offer. Further, there can be no assurance that an active trading market will develop in the Securities.

Many other factors will also affect the price of the Securities, including general fluctuations in the performance of local and international stock markets, movements in interest rates and exchange rates, general economic conditions and investor sentiment.

5.3 FUTURE CAPITAL NEEDS AND ADDITIONAL FUNDING

The future capital requirements of the Company will depend on many factors, including the development of the West business in the US and generation of revenue. The Company believes that its available cash and the net proceeds of this Offer will be adequate to satisfy its anticipated current working capital and other capital requirements. Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms or at all.

Any inability to obtain additional financing, if required, would have a material adverse effect on the Company's business.

5.4 COMPETITION

There are already a number of competitors in the surf industry, which is generally regarded as a mature market. The largest of these competitors have significant revenues, infrastructure and brand awareness. These competitors may dedicate greater resources to marketing strategies than Optima. The results of greater competition may include reduced operating margins, lower brand recognition and loss of market share. There can be no assurance that the actions of competitors or changes in consumer preferences will not adversely affect Optima's performance.

Section 5 : Risk Factors (Cont.)

5.5 FASHION

The West business is largely dependent upon the Company designing, developing and selling products in a market of changing fashion trends. Fashion trends change rapidly and if West does not design and deliver products that appeal to customers, the financial performance of the Company may be adversely impacted.

If WSP fails to:-

- adapt its brand and product offering to meet ever changing youth fashion trends; and
- maintain the standing and quality of its brand and products among customers,

it may lose the ability to increase sales volumes, which would negatively impact operating and financial performance.

5.6 SEASONAL FACTORS

An element of WSP's business is seasonal in nature and prolonged unseasonal weather conditions may adversely affect regional sales.

5.7 BRAND & INTELLECTUAL PROPERTY RISKS

In accordance with the Licence, West Suits Pty Ltd ("West Suits") has made application for their Australian registered trademarks to be registered as a trademark under laws of the USA. The registration of these trademarks will provide the legal underpinning of the US operations of the Company. There is a risk that such an application for registration of the trademarks will not be granted, which may have a detrimental effect on WSP's business. However, the Company is not aware of any reason why such an application would not be granted. The intellectual property, which WSP will rely to conduct its US operations is maintained by West Suits, as part of the Licence.

These brand names, trademarks, trade secrets, domain names and other intellectual property are regarded to be critical to the success of WSP. However should the West brand be damaged in any way or lose its market appeal, the WSP business could be adversely impacted.

WSP is reliant on regulations on the copyright and trademarks and confidentiality restrictions with staff, contractors and others to safeguard its intellectual property rights. While the Company has made reasonable efforts to protect its intellectual property, unauthorised use or exploitation of West Suits' intellectual property may have a material effect on the operating and financial performance of the Company.

While the Company has made reasonable endeavours to protect its intellectual property, there is no assurance that it may inadvertently infringe the intellectual property rights of a third party.

5.8 PRODUCT SOURCING

WSP's products are sourced from independent contractors located in China, Taiwan, Korea and Mauritius. A material change in any of the Company's product sourcing arrangements could have an adverse impact on the Company risks including:-

- any change in existing relationships which could have an adverse impact on the ability of WSP to source appropriate product at reasonable cost;
- any change in quota arrangements which may impact the sourcing of WSP's products, thereby impacting the profitability of the Company; and
- any change in the terms or conditions of overseas suppliers.

Section 5 : Risk Factors (Cont.)

5.9 REGULATION AND LEGISLATION

While minimal regulation currently applies to the Group and the conduct of the Optima business, it is possible that specific law and regulations will be introduced with respect to the products provided by the Group. For example, laws may be established to regulate pricing, content and the quality of products provided and marketed by the Group. The introduction of such laws may have a material adverse effect on the business and future profitability.

5.10 RELIANCE ON KEY PERSONNEL

The future success of WSP will be influenced by the service of key personnel and on the ability of the Company to attract and retain suitably qualified personnel in the future.

There can be no assurance that WSP can retain the services of key employees or attract other suitably qualified personnel in the future. Loss of key personnel could adversely affect the financial performance of WSP.

5.11 GENERAL ECONOMIC CONDITIONS

WSP's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and exchange rates, government fiscal, monetary and regulatory policies, consumer spending, the condition of the apparel industry and shifts in consumer demand.

5.12 EXCHANGE RATE RISKS

The Company is exposed to exchange rate fluctuations due to key operations being based in the United States. Revenues and expenses may be denominated in both US and Australian currencies. Therefore, the Company may be subject to adverse currency fluctuations.

5.13 CHANGES IN TAXATION

Any change to the current rate of company income tax in jurisdictions where West operates will impact on Shareholder returns. Any change to the current rates of income tax applying to individuals and trusts will similarly impact on Shareholder returns. In addition, any change in tax arrangements between Australia and other jurisdictions could have an adverse impact of profit margins and the level of franking credits available to frank any future dividends.



Section 6: Financial Information

6.1 CAPITAL STRUCTURE

The capital structure of Optima following completion of the Offer is as follows:

SHARES	Number	%
Currently on issue	56,452,501	85
Now offered for subscription	10,000,000	15
TOTAL SHARES ON ISSUE	66,452,501	100

OPTIONS	
Currently on issue	44,680,832
Now offered for subscription	10,000,000
TOTAL OPTIONS ON ISSUE	54,680,832

Notes:

(a) The rights and liabilities attaching to the Securities are summarised in Section 9 of the Prospectus.

(b) Further details of the Company's capital structure are set out in the Independent Accountant's Report in Section B of this Prospectus.

6.2 FORECASTS AND PROJECTIONS

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that WSP has a limited trading history and its business is subject to a number of inherently uncertain influences. Although the Company will seek to ensure that strategies are pursued to create opportunities, the WSP business model and the potential scale of revenue generation cannot be reliably predicted. Accordingly, any forecast or projected financial information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection. Further, the Directors' believe that given the past performance of and future of the Optimoney business (refer to Section 3.6), forecasts pertaining to this segment of the Group's activities would not be appropriate.

Section 7: Independent Market Research Report



research and strategy

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The US Market for Surfing Products February 2004

A report for Optima Corporation Limited

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Section 7: Independent Market Research Report (Cont).

1. INTRODUCTION

The following report has been prepared by Market Equity at the request of the Directors of Optima Corporation Limited ("the Company" or "Optima") for inclusion in a prospectus.

The prospectus relates to a proposed issue by the Company of 10,000,000 ordinary shares at \$0.20 each together with 10,000,000 free options, exercisable at \$0.20 each on or before 31 December 2004 to raise up to \$2,000,000.

This report provides an examination of selected potential markets for the Company's secured rights to the WEST product range within the United States of America (US). This report is based on a market study reviewing industry data and published reports from US, Australian and other international sources.

2. BACKGROUND

Optima Corporation Limited through its wholly owned subsidiary West Surfing Products (USA) Pty Ltd ("WSP"), has an exclusive licence to manufacture, market, use, sell and distribute products designed by the well known West Australian surf company "West Surfing Products" or "WEST" within the United States of America ("Licence").

The Licence allows WSP to sell, supply, use and exploit all of the trade Marks and Logos owned by WEST, and to

manufacture new projects products bearing the Logos and Trade Marks anywhere in the United States. . WEST products are currently sold in Australia and sold into New Zealand, Europe, Indonesia and Japan via licensing arrangements, as well as Singapore, Malaysia and Taiwan through distributorships.

This report provides a profile of the global and US surfing products industry generally, the US wetsuit industry and the surfing and bodyboarding (referred to as waveriders) segment of that market.

Information Sources

On behalf of the Company Market Equity has undertaken an exhaustive search for information relating to the market for wetsuits in the US. This search has included use of:

A wide variety of proprietary and publicly available electronic information services which provide access to many thousands of newspapers, magazines and trade journals.

In-depth searching of industry and other websites.

Information derived from these sources provides the basis for this report.

Market Scope

At the request of the Company Market Equity has only analysed and reported in detail on US the market for wetsuits to suit waveriding. Other market data (such as

global figures for surfing products and participation rates in other activities involving wetsuits) is provided to support this analysis.

Market Estimates

There is no standard method of defining markets or evaluating total sales, value and growth figures for surf product markets or related segments. As a result some reported figures may not be directly comparable. Where possible Market Equity has provided more than one set of data to provide a range of estimates.

Section 7: Independent Market Research Report (Cont.)

3. THE GLOBAL MARKET FOR SURFING PRODUCTS

The surf products market cover a wide range of product categories including:

Soft goods:

- Apparel: t-shirts, shirts, shorts, pants, dresses, jackets, hats.
- Eyewear: sunglasses.
- Footwear: shoes, sandals, boots.

Hard goods:

- Wetsuits.
- Boards: surf, skate and snow.
- Accessories: straps, binding gear, covers, grips, harnesses.

A. Market Value

A number of market size and value estimates have been reported for the global surfing products market ranging from US\$2.4 billion¹ to US\$6 billion² in 2002. Market Equity's analysis of these estimates indicates a size of approximately US\$3-4 billion at the wholesale level during 2002. Supporting this value range is an estimate of retail sales of US\$7 billion a year in 2003³.

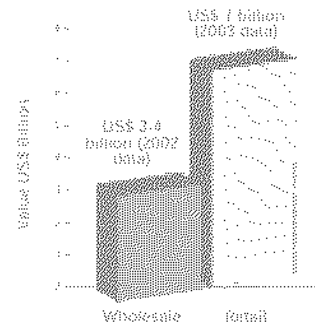
¹ Source: Girls In The Curl, Time Magazine, 2002

² Source: Getting On Board, Advertising Age, 2003.

³ Source: Surfwear Companies Ride The Tide, Inside Business, 2003

⁴ Source: MacWeek, The Bulletin, 2002

Figure 1: Global Surfing Products Market - Estimated Value 2002 - 2003



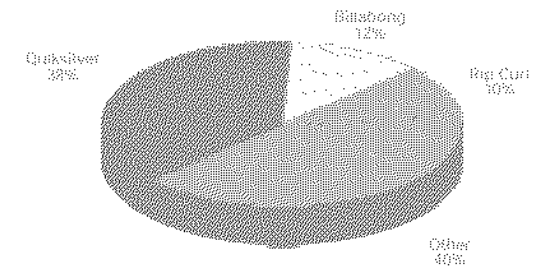
Sources: Surfing Products Companies Ride The Tide, Inside Business, 2003, Girls In The Curl, Time Magazine, 2002, Getting On Board, Advertising Age, 2003

It is unclear as to why the significant variations in market valuations exist though it is reasonable to assume that they are in part due to differences in market definition, the reporting of retail versus wholesale values and valuation methods.

B. Market Share

Up to 60% of the surfing products market is controlled by just three companies and their affiliates - Quiksilver International, Billabong International and Rip Curl⁴. A breakdown of the relative shares of each competitor is provided in figure 2 below.

Figure 2: Global Surfing Products Market - Estimated Market Share by Company 2002



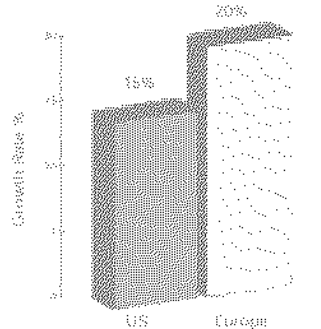
Sources: Quiksilver to Ride Profit Wave Into New Markets, Australian Cronical Review, 2002

Section 7: Independent Market Research Report (Cont)

C. Market Growth

In an interview with The Australian Financial Review in 2003 the Senior Vice-president of Quiksilver estimated future growth rates for the surfing products industry in the key European and US markets at approximately 20% and 15% respectively⁵. This expectation of further growth in the global industry was also reported in other published data reviewed⁶.

Figure 3. Global Surfing Products Market - Selected Market Growth by Region (Estimates, 2003)



Sources: Quiksilver to Ride Profit Wave into New Markets, Australian Financial Review, 2003

⁵ Source: Quiksilver to Ride Profit Wave into New Markets, Australian Financial Review, 2003

⁶ Source: The surf industry rides a wave of success, Sporting Goods Business, 2003. Surf's Up in Europe, Business review Weekly, 2003

Drivers of Growth

According to market commentators the growth of the surfing products market is due to a number of factors:

Broadening Appeal into The Mass Market: Strong acceptance and support expanding from a core market (ie. people active in board and extreme sports) to a mass market (ie. those seeking to identify with the surfing lifestyle image)⁷. This trend may focus growth on apparel (soft goods) more than products directly related to sport participation.

Growth in Women's Surfing and Women's Wear: Supporting an expectation of growth in sales is growth in female participation in surfing, with an estimated 500,000 women actively surfing in 2002 – double that of 1996⁸. Evidence of sales growth in this segment also exists with Quiksilver's Roxy line of girl's clothing growing 30% in 2001 on 2000 sales levels⁹.

The Senior Vice-President of Quiksilver was reported in 2002 to expect their future growth to be driven by the 15-25 year-old age group¹⁰. Given the many parallels in their product offerings it is reasonable to expect that other competitors will target a similar age demographic to support their growth plans.

⁷ Source: Getting On Board, Advertising Age, 2003.

⁸ Source: Girls in The Cut, Time Magazine, 2002.

⁹ Source: Youth-Oriented Apparel Charts Aft Well-Positioned, Wall Street Journal, 2001

D. Importance of Brand

The success of brands in this market is reportedly linked to their authentic image associated with sports such as surfing, snowboarding and skateboarding¹¹. In order to facilitate this link many industry participants feature these sports in their advertising and sponsor surfers, snowboarders and skateboarders¹².

This feature of the market offers an important requirement for existing and new entrants to build a brand with credibility amongst those active in the related sports, as the attitudes of this group acts to influence the attitudes of the wider market of consumers.

¹⁰ Source: Quiksilver to Ride Profit Wave into New Markets, Australian Financial Review, 2003.

¹¹ Source: Mad Wax, The Bulletin, 2002

¹² Source: Mad Wax, The Bulletin, 2002

Section 7: Independent Market Research Report (Cont.)

E. Distribution

Distribution has been reported by industry commentators as another critical factor influencing brand positioning. Expansion through certain mass market or discount distribution channels can reportedly dilute brand credibility amongst those active in the related sports¹³. This offers a challenge to those companies wishing to have a presence in the mass market without diluting their brand's credibility in their core market.

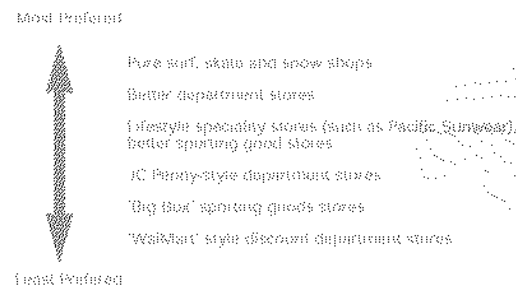
Major distributors utilised by well known surf product brands such as Quiksilver and Billabong includes publicly-listed US retailer Pacific Sunwear, which in 2002 operated approximately 560 PacSun and 70 Outlet stores, predominantly in regional shopping centres. Pacific Sunwear's target customers are young men and women between the ages of 12 and 24¹⁴.

Many so-called 'hard-core' brands are reported to focus their distribution on specialty surf or skato shops. Major retail chains are reported to be less frequently utilised as a distribution channel due to the potential impact on brand positioning¹⁵.

Supporting these reported trends, a distribution model highlighting the relative preferences in distribution channels was presented at the Surf Industry Manufacturers

Association's 6th Annual Surf Summit in 2003¹⁶. This model is presented in Figure 4 below.

Figure 4: Distribution Channel Preferences - US 2003



Source: The Surf Industry Rides A Wave of Success, Sporting Goods Business, 2003.

F. Production

Market Equity's analysis suggests that a number of surf product companies outsource production to offshore locations in a bid to control costs. A typical example is Rip Curl whose wetsuits were reported in 2002 to be produced in Thailand¹⁷. Another is Australian brand Mamba who was reported in 1998 to be focusing production in lower labour cost countries such as India, China, Hong Kong, Indonesia and Taiwan¹⁸.

4. THE US MARKET FOR SURFING PRODUCTS

A. Market Value

The US market for surf wear and surf products is a substantial and competitive one, for example the Surf Industry Manufacturers Association (SIMA) represented over 250 manufacturers and distributors competing in the US surf products market during 2003¹⁹.

In 2002 the total US waveriding sports market was valued by industry researchers Board-Trac for Market Equity at US\$3.628 billion in retail sales²⁰. This figure includes both soft (apparel, shoes, sunglasses, watches and bags) and hard (boards and wetsuits) goods and was based on projections from self-reported consumer survey data.

B. Market Growth

As previously noted in this report the Senior Vice-president of Quiksilver estimated future growth rates for the surfing products industry in US at approximately 15% in 2003²¹. This expected growth is evidenced by further investment in the industry by the larger competitors.

Billabong purchased a Hawaiian retail surf products chain in early 2004 for approximately AUS\$20 million. Billabong's sales were also strongest in the US in the year to June 2003, when revenue grew 33% to AUS\$303 million, compared to an overall sales gain of 24%²².

¹³ Source: The Surf Industry Rides A Wave of Success, Sporting Goods Business, 2003.

¹⁴ Source: Pacific Sunwear's Tide Turns Bullish, The Wall Street Journal, 2002.

¹⁵ Source: Jamett, Catching The Wave, Asian Business, 1999.

¹⁶ Source: Griffin, The Surf Industry Rides A Wave of Success, Sporting Goods

Business, 2003.

¹⁷ Source: Mad Wax, The Bulletin, 2002.

¹⁸ Source: Catching The Wave, Asian Business, 1998.

¹⁹ Source: Will Costly Surfers Ever Catch The Digital Wave?, Digital Trends, 2000.

²⁰ Source: Board Sports 2002 - Market Size Data, Board-Trac, 2002.

²¹ Source: Quiksilver to Ride Profit Wave into New Markets, Australian Financial Review, 2003.

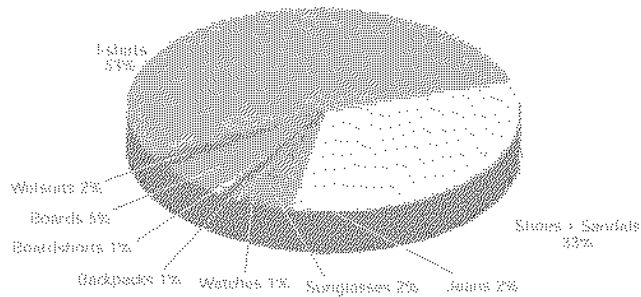
²² Source: Billabong Increases US Exposure With \$100m Purchase, The Age, 2004.

Section 7: Independent Market Research Report (Cont.)

Breakdown By Category

Projections based on self-reported consumer survey data suggest that soft goods may dominate sales figures for the US waveriding market. Hard goods represented slightly over 7% of the total retail value of US\$3.628 billion⁷⁵.

Figure 5: US Surfing Products Market by Product Category - Value 2002



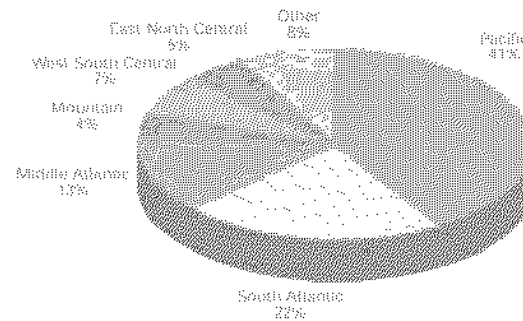
Source: Board Sports 2002 - Market Size Data, Board Inc, 2002.

Note: This data is based on calculated projections from self-reported consumer survey data utilising a sample size of 850. The age range for survey participants was 9-25.

Breakdown By Region

Understandably the majority of waveriders are located on the east and west coasts of the US as evidenced by a geographic profile of waveriders (displayed in Figure 6 below) responding to a consumer survey for those active in surfing and/or bodyboarding in 2002⁷⁶. These results are supported by breakdowns of sales figures reported by some companies within the industry reviewed by Market Equity.

Figure 6: Waveriders By Region - US - 2002, Total 2,260,000



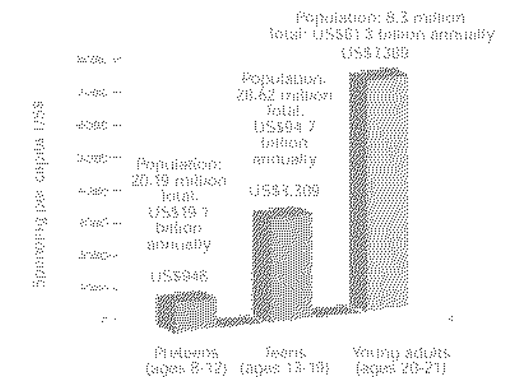
Source: Board Inc, Waveriding - Summer 2002, Board Inc, 2002.

Note: This research utilised a self-reporting survey with a sample size of 850. The age range for survey participants was 9-25.

Spending Power and Influence Of The US Youth Market

The target market for Quiksilver is reported to be the 15-25 age group⁷⁷. As the market leader it is reasonable to expect that this is a key market for the surf products market generally. The 57 million US residents in the 8-21 age group were reported in a recent study by research group Harris Interactive to have annual incomes totalling US\$211 billion in 2003⁷⁸ and spend over 80% of this (approximately \$172 billion per year). Spending patterns within this age group are further broken down in Figure 7 below. This study highlights a significant propensity for the surf products industry's target market to spend their disposable income. This age group is also reported to influence the purchasing decision of adults and represent the future market for most consumer brands⁷⁹.

Figure 7: Spending Patterns in 8-12 Age Group (US 2003)



Source: Generation Y Earns \$211 Billion and Spends \$172 Billion Annually, Harris Interactive - YouthPulse, 2003.

Note: This data is based on a self-reported online study of 3,432 13-19 Respondents in June 2003.

⁷⁵ Source: Board Sports 2002 - Market Size Data, Board Inc, 2002.

⁷⁶ Source: Waveriding - Summer 2002, Board Inc, 2002.

⁷⁷ Source: Quiksilver to ride profit wave into new markets, The Australian Financial Review, 2003.

⁷⁸ Source: Generation Y Earns \$211 Billion and Spends \$172 Billion Annually, Harris Interactive - YouthPulse, 2003. These results are based on an online study of 3,432 respondents in June 2003.

⁷⁹ Source: Generation Y Earns \$211 Billion and Spends \$172 Billion Annually, Harris Interactive - YouthPulse, 2003.

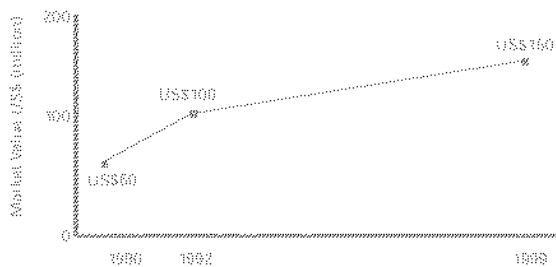
Section 7: Independent Market Research Report (Cont.)

5. THE US WETSUIT MARKET

A. Market Value

Industry commentators estimate the size of the US wetsuit market for all applications to have been US\$60 million in 1990²⁸, US\$100 million in 1992 and approximately US\$150 million in 1999²⁹.

Figure 8: Wetsuit Market Growth - US 1990 - 1999



Source: Body Glove - Case Study, St Francis Xavier University, 1990; Wimp or Triathlete, You Probably Like That New Wetsuit, The Wall Street Journal, 1999.

²⁸ Source: Body Glove - Case Study, St Francis Xavier University, 1990.

²⁹ Source: Wimp or Triathlete, You Probably Like That New Wetsuit, The Wall Street Journal, 1999.

³⁰ Source: Popular Culture - Surfing, Macquarie University Studies, 1999.

³¹ Source: Popular Culture - Surfing, Macquarie University, 1999.

³² Source: Board Sports 2002 - Market Size Data, Board trac, 2002.

³³ Source: Wimp or Triathlete, You Probably Like That New Wetsuit, The Wall Street Journal, 1999.

³⁴ Source: Wimp or Triathlete, You Probably Like That New Wetsuit, The Wall Street Journal, 1999.

³⁵ Source: Body Glove - Case Study, St Xavier University, 1990.

³⁶ Source: Body Glove - Case Study, St Xavier University, 1990.

This estimation of US\$150 million in 1999 may be conservative given the Australian market for wetsuits was estimated at US\$22.5 million in 1999³⁰ and Australia has been estimated to represent only 5%-10% of the global surf products market³¹.

A key segment of this market for the Company is for wetsuits purchased by waveriders. This segment was valued at US\$74 million in 2002 by research group Board-trac based on calculated projections from self-reported consumer survey data³².

B. Market Share

The market is dominated by O'Neill, who in 1992 were estimated to control half the US wetsuit market³³. Further details on competitors are provided in the Competition section later in this report.

C. Market Growth

Projected sales growth for the US wetsuit market was estimated to be 15% per year in 1999³⁴.

In 1990 drivers of growth in turnover within the US wetsuit industry since its creation in the 1950's were reported to be:

Sports-specific wetsuits: The emergence of a multitude of sport-specific as well as 'fashion' wetsuits, it is reported that these acted as drivers for consumers to potentially purchase a wetsuit for each sport.

Growth in participation in water sports activities: A reported driver of this was increased coverage on television of these sports³⁵.

D. Products

The reported 1990 product range of Body Glove, an established competitor in the US wetsuit industry, provides a reasonable indication of wetsuit product segments and is outlined in Table 3 below³⁶.

Table 3: Wetsuit Product Categories

Category	Range
Waveriding	Cold water fullsuits, jackets and leg suits; spring suits, and warm water wetsuits.
Triathlons	Triathlon wetsuits.
Waterskiing and jet skiing	Cold water fullsuits, jackets and leg suits; springsuits, vests, trunks and warm water wetsuits.
Diving Wetsuits	Cold water fullsuits, combination wetsuits, warm water dive suits, vests, hoods.
Whitewater Sport Wetsuits	Cold water fullsuits, jackets and leg suits, waders and vests.
Accessories	Surf accessories, booties, gloves, hoods and miscellaneous accessories.
Ski and Snowboard Line	Neoprene pants, neoprene bibs, neoprene jackets, and snow accessories.
Orthopedic Lines	Braces, pads, gloves, supports, shorts, and miscellaneous accessories.

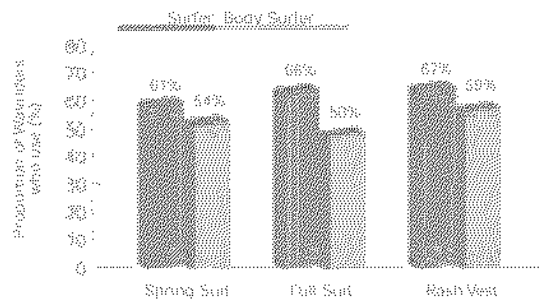
Source: Body Glove - Case Study, St Xavier University, 1990.

Section 7: Independent Market Research Report (Cont).

Wetsuits For Waveriders

The primary target market of the Company is wetsuits to suit waveriding in the US. Research group Board-Trac state that in the US during 2002 the most common wetsuit types used in waveriding in the US were evenly spread between spring suits (short arms and legs), full suits (long arms and legs) and rash vests³⁷. This data is provided in Figure 9 below and shows no significant distinction in wetsuit type preference between surfers and bodyboarders.

Figure 9: Type of Wetsuit Used by Waveriders - US 2002



Sources: Board Trac Waveriding - Summer 2002, Board Trac, 2002 Wetsuit Type.
 Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 12-20 in the US during 2002.
 More than one type may be owned.

³⁷ Source: Waveriding - Summer 2002, Board Trac, 2002.

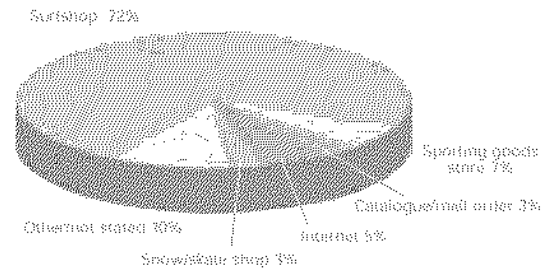
³⁸ Source: Waveriding - Summer 2002, Board Trac, 2002.

³⁹ Source: Will Gen Y Surfers Fair? Catch The Digital Wave?, Digital Trends, 2000.

E. Distribution

Board-Trac state that during 2002 surf shops dominated the distribution for wetsuits in the US, though slightly under 10% were purchased through sporting goods stores³⁸. These distribution channels are detailed in Figure 10 below.

Figure 10: Recent Channel Used For Wetsuit Purchase by Waveriders - US 2002



Sources: Board Trac Waveriding - Summer 2002, Board Trac, 2002
 Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 12-20 in the US during 2002.

Online Sales and Other Activity

Figure 10 above highlights that online sales of wetsuits represented approximately 5% of most recent wetsuit purchases by waveriders surveyed.

Whilst this presents the internet as a minor sales channel it may be an expanding one for direct sales and potentially important for marketing for the Company. This view is supported by survey of members of SIMA in 2000 that presented the following findings:

Those that sell online through their own website - 49%.

Those that advertise on other web sites - 50%

Of those that do advertise, average percent of ad budget spent on online media - 9%.

Average percent of marketing budget allocated to website - 12%.

Main sites for placement of online advertising -

Surflife.com, Surfnet, SurferMagazine.com,

E.Bodyboarding and Beachstyle Magazine.

These results may indicate a preparedness to invest in online media. It is unclear how these attitudes and behaviours may have changed as the research was conducted in 2000; however a review undertaken by Market Equity of the websites of surf products producers active in the US supports this conclusion.

In the broader markets related to waveriding equipment, online sporting good sales were forecast in 2000 to increase from US\$209 million to US\$1 billion by 2003 and online apparel sales were similarly expected to increase from US\$1.4 billion in 2000 to US\$6.7 billion in 2003³⁹.

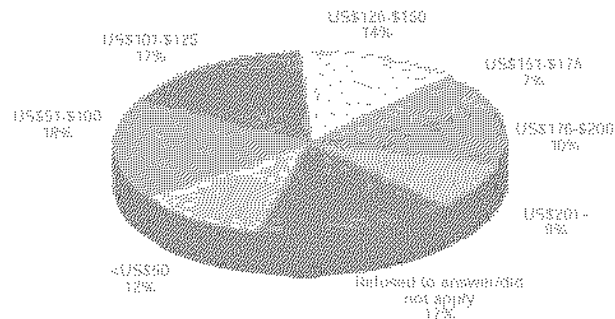
Section 7: Independent Market Research Report (Cont)

F. Pricing

Based on self-reported data during 2002 almost 62% of wetsuits were purchased for US\$150 or less. The spread of prices paid is illustrated in Fig. 11 overleaf. Potential influences on the price paid for a wetsuit may be:

- The type of wetsuit purchased.
- The particular brand purchased.
- Retail margins applied.

Figure 11: Price Last Paid for Wetsuit by Waveriders - US 2002



Sources: Board Trac Waveriding - Summer 2002, Board Trac, 2002
 Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 12-20 in the US during 2002

Sub-Brands Within Product Ranges

Within a particular brand there may also be a range of sub-brands available for any particular type of wetsuit. A review of competitor product ranges by Market Equity showed these sub-brands utilised by the larger competitors such as Quiksilver and Rip Curl and differentiated by the presence of additional product features and a more general claim of quality difference. Three tiers were apparent:

1. **Premium:** many product features, superior quality.
2. **Mid-range:** some product features.
3. **Economy:** minimal or no features, price focus.

Pricing could be expected to vary along these tiers.

G. Purchase Behaviour

Decision Drivers

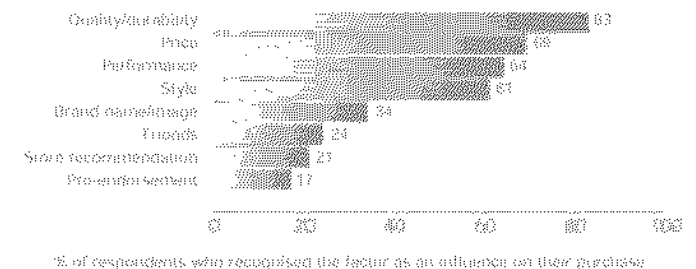
A number of factors were considered by Board-Trac to influence the purchase of wetsuits by waveriders in the US⁴⁰ and are outlined in Figure 12 overleaf. A key distinction can be made between those drivers that were based on functional attributes of the product and emotional drivers such as attributes of the brand and social influences.

The most prominent decision drivers were primarily functionally focused: quality/durability, price, style and performance. Results were fairly consistent between surfers and bodyboarders. Emotional drivers did feature in

between 25% to 50% – of the responses. These include brand name/logo, opinion of friends and which professional surfers use them.

Seasonality influences the timing of demand for wetsuits, with the US wetsuit industry reported in 1990 to experience two important seasons – northern hemisphere autumn and spring⁴¹. Management of these demand fluctuations are expected to require effective production scheduling and stock management for the Company.

Figure 12: Influences on Wetsuit Purchases by Waveriders - US 2002



Sources: Board Trac Waveriding - Summer 2002, Board Trac, 2002
 Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 12-20 in the US during 2002

⁴⁰ Source: Waveriding - Summer 2002, Board Trac, 2002.

⁴¹ Source: Body Close - Case Study, St Francis Xavier University, 1990

Section 7: Independent Market Research Report (Cont)

Purchase Frequency

Based on self-reported data from a sample of active waveriders in the US provided in Figure 13 overleaf, only a small proportion (approximately 5%) of waveriders in the US purchased a wetsuit more than once a year during 2002. It appears that a wetsuit satisfies the majority of consumer needs for one to two years.

Figure 13: Frequency of Wetsuit Purchase by Waveriders - US 2002



Sources: Board Trac Waveriding - Summer 2002, Board Trac, 2002
 Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 12-20 in the US during 2002.

6. SURFING PARTICIPATION RATES

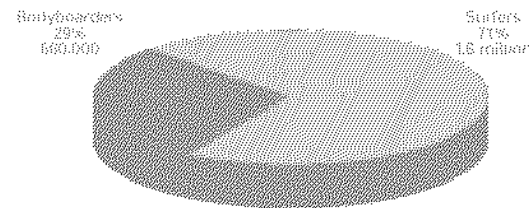
The Company regards its main market opportunity to be wetsuits to suit the surfing and bodyboard market (waveriders) in the US. Whilst other sports including diving, kayaking and windsurfing may require or benefit from the use of wetsuits, these sports are not analysed in detail in this report.

A. Surfing and Bodyboarding in the US

There were estimated to be 17 million active surfers worldwide in Japan, Europe, Africa, Australia, North and South America in 1997⁴⁷.

Based on projections by Board-Trac there were an estimated 2,260,000 waveriders in the US in 2002 with this population broken down by category in Figure 14 overleaf. The figure for those that were surfers only (ie, did not bodyboard) in the US is supported by a study by the Sporting Goods Manufacturers Association in 2002 showing 1,878,000 people over the age of six who participated in the sport at least once a year⁴⁸.

Figure 14: Waverider Numbers - US 2002 Total = 2,260,000



Sources: Board Trac Size of Market, Board Trac, 2002
 Note: This data is based on calculating projections from self-reported consumer survey data (using a sample size of 3,000)

⁴⁷ Source: Billion Dollar Breakers: The Professional Surfing World, Radio National transcripts, 1997
⁴⁸ Source: Sports Participation Online Report, Sporting Goods Manufacturers Association (US), 2003.
⁴⁹ Source: Sports Participation Online Report, Sporting Goods Manufacturers Association (US), 2003.
⁵⁰ Source: Girls in the Curl, Time Magazine, 2002

Growth in Participation

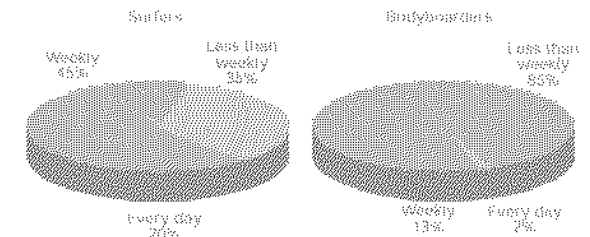
Participation in surfing in the US (no data was found to be available for bodyboarding) was reported to have experienced growth of over 17% from 2001 (1,601,000) to 2002 (1,878,000)⁴⁹.

Time Magazine has suggested that a factor contributing to this growth is an increase in the number of female participants, where an estimated 500,000 women in the US were surfing in 2002 (twice as many as in 1996)⁵⁰.

Frequency of Participation

Board-Trac reported in 2002 that over 64% of active surfers surfed at least weekly. However bodyboarders were found by the same study to participate less frequently, with almost 85% bodyboarding less than weekly (Refer to Figure 15 below).

Figure 15: Frequency of Participation in Waveriding - US 2002



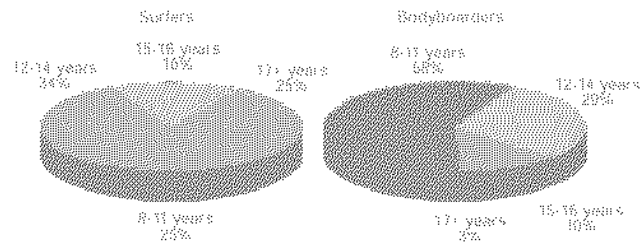
Sources: Board Trac Waveriding - Summer 2002, Board Trac, 2002
 Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 12-20 in the US during 2002

Section 7: Independent Market Research Report (Cont.)

Entry into Waveriding

Participation in waveriding appears to start in the pre- and early-teens with the majority (58%) of participants starting by the age of 14 (refer Figure 16 below). Bodyboarders in the US were generally starting earlier than surfers with the majority (58%) starting by the age of 11.

Figure 16: Entry into Waveriding by Age - US - 2002



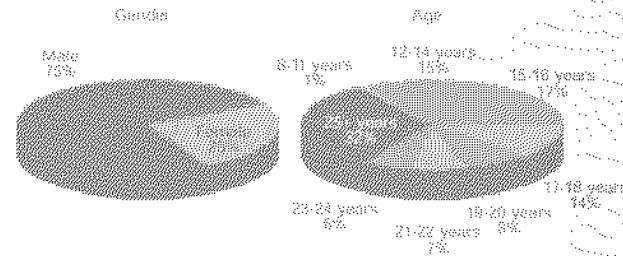
Sources: Board Trac Waveriding - Summer 2002, Board Trac, 2002

Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 9-25 in the US during 2002.

Gender and Age Profile

In 2002 males represented 75% of the 2,260,000 participants in waveriding sports in the US during 2002⁴⁸ and their average age was 19.5 and was relatively evenly distributed across age groups (refer Figure 17 overleaf).

Figure 17: Waverider Age and Gender - US 2002



Sources: Board Trac Waveriding - Summer 2002, Board Trac, 2002, size of market-waveriding, Board Trac, 2002

Note: This data is based on a self-reported survey of a sample of active waveriders in the US during 2002.

B. Crossover Sports

Board-Trac reported in 2002 that waveriders often participate in other 'cross-over' sports. The most common in 2002 were skateboarding and snowboarding with others outlined in Figure 18 overleaf.

These associations may provide the Company with opportunities for across-sports promotion and future market expansion opportunities. However the relationships between these sports also acts to increase the number of potential competitors who may enter the market.

⁴⁸ Source: Board Sports 2002 - Market Size Data, Board Trac, 2002

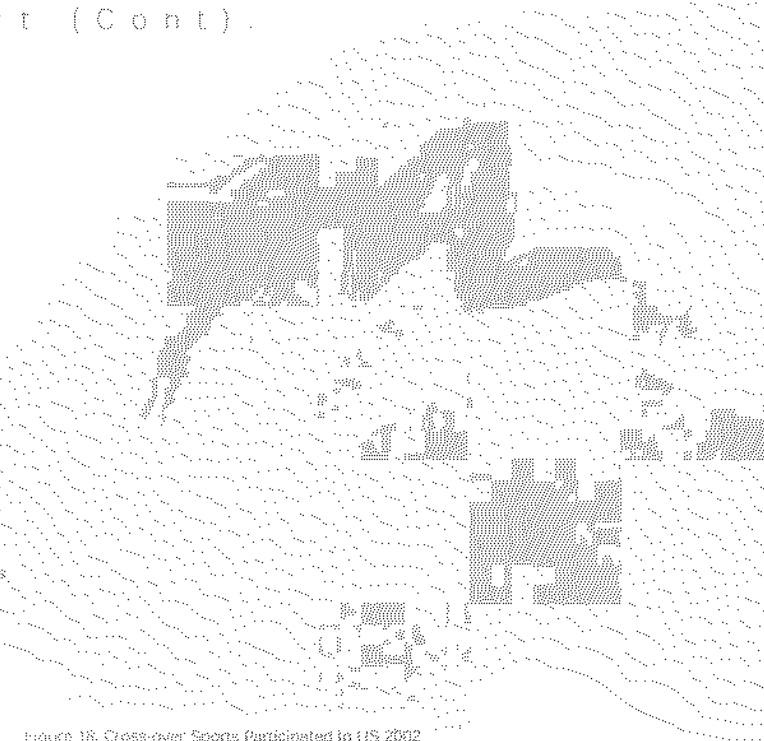
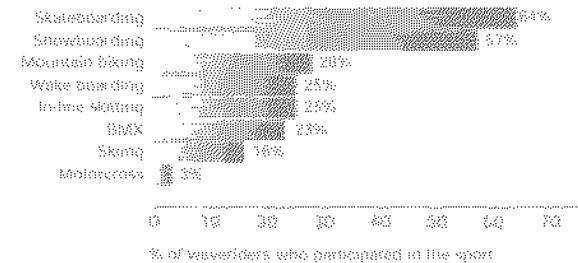


Figure 18: Cross-over Sports Participated in US 2002



Sources: Board Trac Waveriding - Summer 2002, Board Trac, 2002

Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 9-25 in the US during 2002.

Section 7: Independent Market Research Report (Cont).

C. Other Applicable Sports

The primary target market of the Company is wetsuits to suit waveriding in the US. However there are a number of other water sports that commonly utilise wetsuits. These may represent potential markets for the Company at some point in the future. The appropriateness of currently available WEST product designs within these activities has not been determined and these markets are not the primary subject of this report.

Participation and growth rates for some of these sports are provided in Table 2 below⁴⁷ with surfing figures also provided for comparison.

Activity	2001	2002	1 Year % Change
Boardsailing/Windsurfing	537,000	496,000	-7.6%
Canoeing	12,044,000	10,933,000	-9.2%
Kayaking	4,727,000	5,562,000	+17.7%
Rafting	4,580,000	4,431,000	-3.3%
Jet Skiing	10,593,000	9,806,000	-7.4%
Sailing	5,290,000	5,161,000	-1.3%
Scuba Diving	2,744,000	3,326,000	+21.3%
Snorkelling	9,788,000	9,666,000	-0.8%
Wakeboarding	3,007,000	3,142,000	+1.5%
Water Skiing	8,381,000	8,204,000	-1.2%
Surfing	1,801,000	1,879,000	+12.4%

Source: Sports Participation Update Report, Sporting Goods Manufacturers Association (USA), 2003.

This table shows the number of people in the US over the age of six who have participated in the activity at least once per year.

⁴⁷ Source: Sports Participation Update Report, Sporting Goods Manufacturers Association (USA), 2003.

⁴⁸ Source: Wing and a Prayer, Forbes Magazine, 2000.

Another niche activity not covered in the research presented in Table 2 above where wetsuits are required is kite surfing which is a variation on windsurfing utilising a floating kite instead of a fixed sail. No participation rate data was found to be available though an estimated 30,000 kites were sold worldwide in 2000. This figure was expected to triple in 2001⁴⁸. Again, the appropriateness of currently available WEST product designs within these activities has not been determined.

7. COMPETITION

The dominant competitor in the US wetsuit market in 1992 was O'Neill, Inc. who was estimated to control half the US wetsuit market in that year⁴⁹. It is reasonable to expect that they still maintain a strong position as they were regarded as the 'coolest' brand available in the US during 2002 amongst waveriders⁵⁰. Detailed data on market shares for most other competitors identified in the US are not publicly available⁵¹.

A. Existing Competition

The wetsuit market in the US is competitive with a degree of market share concentration evidenced. The US market includes both:

Branded manufacturer/wholesalers: These are the primary competition for the Company and include the brands O'Neill, Quiksilver, Billabong, Body Glove etc.

⁴⁹ Source: Wimp or Triathlete, You Probably Like That New Wetsuit, The Wall Street Journal, 1999.

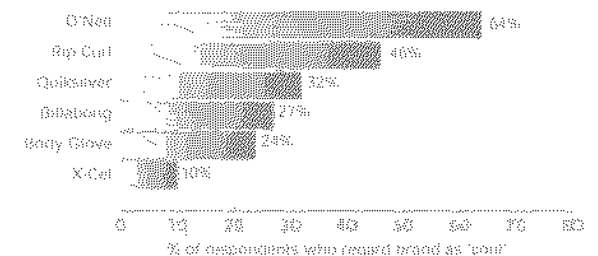
⁵⁰ Source: Waveriding Summer 2002, BoardTrac, 2002.

Non-branded manufacturers: Those that primarily produce wetsuits for 'brand' companies under licence. These include Ocean Tec who are reported in 1999 to manufacture for Ocean Pacific⁵².

Brand Positioning

Board Trac reported in 2002 that high profile brands with credibility amongst waveriders included O'Neill and dominant surf products brands Rip Curl, Billabong and Quiksilver. Attitudes were relatively consistent across surfers and bodyboarders. One notable difference was the higher profile of Rip Curl amongst surfers (refer Figure 19 below).

Figure 19: The 'Coolest' Wetsuit Brands - US 2002



Sources: Board Trac Waveriding - Summer 2002, BoardTrac, 2002.

Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 9-24 - in the US during 2002.

Other brands scoring well included Body Glove, a company with over 60 years experience in wetsuit industry and the surfing industry generally and X-Cel, a specialist wetsuit company established in 1982 and based in Hawaii.

⁵¹ Source: Wimp or Triathlete, You Probably Like That New Wetsuit, The Wall Street Journal, 1999.

⁵² Source: OP Suits-UP For Fall, Sporting Goods Business, 1999.

Section 7: Independent Market Research Report (Cont)

Future Purchase Intentions

The results for brand positioning profiled in Figure 19 above were reasonably consistent with future purchase intentions reported by Board-Trac in 2002 and outlined in Figure 20 overleaf.

The most notable variation was that O'Neill's brand credibility (53% of waveriders in the US during 2002) did not directly translate into future purchase intention where the most prominent brand was Rip Curl. This may highlight the relevance of other recognised decision factors such as price and other product and marketing variables.

B. Competitor Profiles

Competitors identified as relevant to the Company are discussed in the section following. As most are private companies reliable sales data is not consistently available in the public domain. Classifications of product ranges are not consistently reported between companies.

O'Neill, Inc.⁵¹

Market Share

O'Neill are specialist wetsuit manufacturers founded in the mid-1960's who were estimated to control half the US wetsuit market in 1992⁵⁴.

⁵¹ Source: product data sourced from O'Neill promotional literature 2003

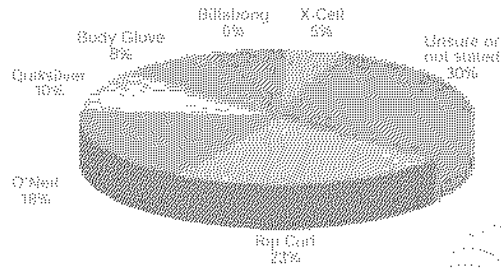
⁵² Source: Wimp or Franchise, You Probably Like That New Wetsuit, The Wall Street Journal, 1999.

⁵³ Source: product data not separately referenced sourced from Body Glove promotional literature 2003

⁵⁴ Source: Body Glove - Case Study, St Francis Xavier University, 1990.

⁵⁵ Source: Body Glove - Case Study, St Francis Xavier University, 1990

Figure 20: Future Purchase Intentions - US 2002



Source: Board-Trac Waveriding - Summer 2002, Board-Trac, 2002

Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 12-20 in the US during 2002

Wetsuit Product Range

Products: Dry, full and spring suits, hoods, gloves, boots, thermal layering, rash and UV quarts, neoprene tops and bottoms, USCG (United States Coast Guard) vests, competition and training PFDs (Personal Floatation Devices), triathlon suits and sport caps.

Applications: For surf, wakeboarding, water-ski, triathlon, diving, windsurfing.

Other Products

Clothing and accessories: Men's, women's and juniors range.

Women's swimwear.

Snow: Jackets, pants, layering.

Body Glove International

Sales/Market Share

Recent sales data for Body Glove are not available. In 1990, Body Glove was reported to be number two in terms of market share behind O'Neill, Inc. Reported income during this time from all products using the Body Glove name was approximately US\$100 million⁵⁶. The proportion of this income attributed to wetsuits was slightly under US\$8 million⁵⁸ in the same year.

Body Glove was reported in 1990 to distribute its wetsuit products through 1,500 retail stores in 33 countries.

Wetsuit Product Range

Surfing: Cold water fullsuits, jackets and legsuits; springsuits; and warm water wetsuits.

Triathlons: Triathlon wetsuits.

Waterskiing and Jet skiing: Cold water fullsuits, jackets and legsuits; springsuits; vests; trunks and warm water wetsuits.

Diving wetsuits: Cold water fullsuits, combination wetsuits, warm water dive suits, vests, hoods.

Whitewater sport wetsuits: Cold water fullsuits, jackets and legsuits, waders and vests.

Accessories: Surf accessories, booties, gloves, hoods and miscellaneous accessories.

Ski and snowboard line: Neoprene pants, neoprene bibs, neoprene jackets, and snow accessories.

Orthopedic lines: Braces, pads, gloves, supports, shorts, and miscellaneous accessories.

Section 7: Independent Market Research Report (Cont).

Other products:

- Accessory bags
- Sunglasses
- Safety gear
- Snorkeling gear
- Women's swimwear
- Men's sportswear
- Electronic accessories

Rip Curl¹⁸

Sales/Market Share

Rip Curl is a private company (reports in 2002 suggested a planned float of the business¹⁹) based in Torquay, Victoria. Rip Curl's turnover from all operations is estimated to be AUS\$300 million a year²⁰. Recent data on Rip Curl's market share within the wetsuit segment was not found to be available though the company was reported to hold the number three position behind O'Neill, Inc. and Body Glove in the US wetsuit market in 1990²¹.

Rip Curl were reported in 2002 to distribute via nine corporate licensees that make and sell Rip Curl products in Australia, Argentina, Brazil, Canada, Chile, France, Israel, Indonesia, Mauritius, Japan, New Zealand, Peru, South Africa and the USA.

Wetsuit Product Range

- Rip Curl supply wetsuits to suit waveriding. These include male, female and junior:
- Steamers (ie. full length suits with and without arms)

Spring suits (ie. short length suits)

'Hotskins' and 'Neovests' (these comprise a wetsuit top only with variations in thickness and arm length)

Rashvests

Shorts

Accessories: booties, hoods, gloves

Other Products

Surfboards

Surfwear: men's and women's apparel

Footwear

Accessories, bags

Mountain wear

Eyewear

Videos/DVDs

Watches²²

Quiksilver International, Inc.²³

Sales/Market Share

During 2002 Quiksilver was reported to control an estimated 38% share of the global surf products market. Total sales in 2002 were US\$705 million, representing a 13% increase on 2001 sales of US\$620 million. Quiksilver International's acquisition of Ug Manufacturing Co. Pty Ltd. (Australia) and Quiksilver Japan during 2002 was expected to significantly increase sales levels – and in 2003 the Company's sales increased to US\$975 million²⁴.

No separate data was found to be available for Quiksilver wetsuit sales. Based on Board Trac sales data for all surfing

products, Quiksilver wetsuit sales may be estimated to be 2%²⁵ of their total turnover ie. US\$14.1 million in 2002.

Wetsuit Product Range

Quiksilver supply wetsuits to suit waveriding. These include male and junior:

- Steamers (full length suits with and without arms)
- Spring suits (short length suits)
- Wetsuit tops: no. short and long arm
- Rashvests
- Shorts
- Accessories: booties, hoods, gloves

¹⁸ Source: product data sourced from Rip Curl promotional literature 2003

¹⁹ Source: Mad Wax, The Bulletin, 2002.

²⁰ Source: Mad Wax, The Bulletin, 2002.

²¹ Source: Body Glove – Case Study, St Francis Xavier University, 1996.

²² Source: Company promotional literature 2002.

²³ Source: product data sourced from Quiksilver promotional literature 2003.

²⁴ Source: Hoover's, Inc. 2004.

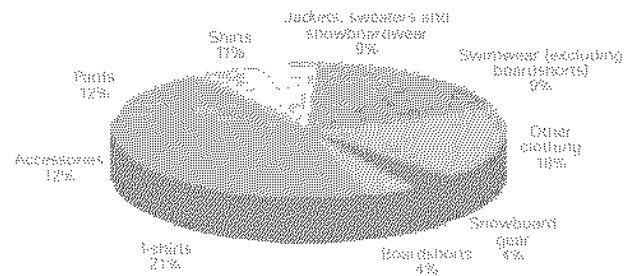
²⁵ Board Trac data showed wetsuit sales were approximately 2% of total surfing product sales in 2002

Section 7: Independent Market Research Report (Cont.)

Other Products

Key product categories in 2002 for Quiksilver and their contribution to sales are reported in Figure 21 below⁶⁶.

Figure 21: Quiksilver International Sales by Product - US 2002



Source: Board Trac Wavering - Summer 2002, Board Trac, 2002.
Note: This data is based on a self-reported survey of a sample of active waveriders between the ages of 12-20 in the US during 2002.

Other Notes

Quiksilver's wetsuit product range is separated along three branded categories⁶⁷:

1. 'Cell': Technical and high end, high performance.
2. 'Ignite': Mid price point with technical features.
3. 'Synchro': Economy options and key features.

⁶⁶ Source: Quiksilver International, Inc. Form 10-K submission to U.S. Securities and Exchange Commission, 2003.

⁶⁷ Source: Quiksilver promotional literature 2003.

⁶⁸ Source: product data sourced from Billabong International promotional literature 2003.

⁶⁹ Source: Quiksilver to Ride Profit Wave from New Markets, Australian Financial Review, 2002.

⁷⁰ Source: Harver's, Inc, 2004.

⁷¹ Source: product data sourced from X-Cel Wetsuits promotional literature 2003.

⁷² Source: X-Cel promotional literature, 2003.

Billabong International Ltd⁶⁸

Sales/Market Share

Billabong was reported to hold the number two position in the world surf products market with an estimated 12% market share in 2002⁶⁹ on a turnover of US\$281 million in 2002⁷⁰. In 2003 the Company recorded sales of US\$419 million⁷⁰. Separate data for Billabong's US wetsuit range, or wetsuit sales were not available.

Other Products

Board shorts and walk shorts
T Shirts
Knits and woven tops
Denim clothing
Hats
Watches

Other Notes

Billabong International Ltd owns and markets product under the Billabong, Von Zipper (sunglasses and goggles) and Element (skatewear) brands. Sales in the US are managed under a licence agreement with Billabong International Ltd.

X-Cel Wetsuits (X-Cel)

Sales/Market Share

Established in 1983 X-Cel are a specialist wetsuit company based in Hawaii. No separate data was found to be available for X-Cel sales.

Wetsuit Product Range

X-Cel supply a range of full and spring suits, and accessories such as hoods, boots and gloves in men's, women's and junior sizes to suit waveriding, surf and paddle sports.

Other Products

No information is available on other products that may be produced by X-Cel.

Other Notes

X-Cel use production facilities based in Hawaii as well as licensed manufacturers in other countries. US distribution occurs out of California and utilises over 60 retail stores throughout the US. International sales are managed via licensees and distributors in Australia/New Zealand, Europe, Japan, Canada, Brazil, Chile, Tahiti and other Pacific Rim countries⁷².

Other Competitors

As turnover data or other indicators of market share are not generally available for the US wetsuits industry it is difficult to evaluate the market position held by any one company.

Section 7: Independent Market Research Report (Cont).

As such those not profiled in detail in this report do not necessarily hold a less significant market position than others. However no evidence was found to suggest they did hold a significant market position.

Other competitors active in the US waveriding wetsuit market that have not been profiled include:

- Aleacia
- Alder Ltd
- American Wave
- Hotline Wetsuits USA
- Hurley
- Mormai Wetsuits
- Ocean Pacific
- Pro Motion
- Victory Wetsuits
- World Force Wetsuits

Potential Competition

Potential competitors may include companies that are active in the wider surf products market but do not currently provide a range of wetsuits. These companies could potentially introduce a product range via licensed manufacture over a relatively short period of time. It is recognised that there are a number of companies that already have an existing brand profile within the broader surf products market and a potentially suitable distribution network. Examples of such companies include but are not limited to:

Hang Ten: Currently utilises over 110 licensed manufacturers to produce product and sold in approximately 72 countries. Sales of approximately US\$710 million in 2002¹.

Volcom: a company specialising in apparel for surf, skate and snow sports.

Vans: a company specialising in skate and surf wear.

8. SUMMARY OF FINDINGS

In summary this report describes the following characteristic of the Company's defined target markets:

The global surf products industry is significant being valued at US\$3-4 billion at the wholesale level in 2002 and US\$7 billion at the retail level in 2003. Approximately 60% of this market is dominated by three companies - Quiksilver, Billabong and Rip Curl. Strong growth of 15% was forecast for the US surfing products market in 2003.

Brand credibility and control of distribution are reported as important success factors in this segment of the wider apparel and retail industries.

Specialist surf and other board sport stores are the preferred distribution channel for many surf products brands.

Online sales may potentially become increasingly important.

The US surf products industry represents approximately 60% of the global market in value with 2.26 million of the world's 17 million surfers.

The recognised target market for surf products is 12 – 25 year olds.

Wetsuits comprise a niche segment of the broader surf products industry with wetsuits suited to waveriding representing approximately 2% of total sales value.

The US wetsuit market was valued at approximately US\$150 million in 1999. The dominant player is reported to be O'Neill holding approximately half the market share. Wetsuits suited to waveriding (which is the Company's target market) was valued at approximately US\$75 million in 2002.

The US wetsuit industry is competitive with over a dozen companies reported as active in the market for wetsuits. All these companies are reported to produce wetsuits suitable for surfing and bodyboarding.

Consumer research based on self-reported data indicates the most desired brands to be O'Neill, Quiksilver, Billabong, Rip Curl and X-Cel.

¹ Source: Hang Ten promotional literature, 2003

Section 7: Independent Market Research Report (Cont)

9. NOTES

Consent

Market Equity has given its consent in writing to the issue of the Prospectus with this Independent Market Report in the form and context in which it is included, and has not withdrawn its consent before the lodgement of the Prospectus with the Australian Securities and Investment Commission.

Disclosure

This report is an independent report. Market Equity does not have a pecuniary or other interest in the Company. The payment of fees to Market Equity for the preparation of this Independent Market Report is not contingent on the outcome of the Prospectus.


Assumptions and Qualifications


1. In estimating the size and values of markets, Market Equity has relied upon a base of information that has been provided by internationally recognised sources. Whilst we have used our best endeavours to validate the data, no warranty of accuracy is given to the information contained in this report and obtained from these sources. References are provided for the readers' information.
2. The demand and production estimates referred to throughout this report were derived from the most recently available data as at January 12, 2004.

3. Market Equity does not possess the technical skills necessary to critically evaluate the technical merits of the WEST product range or other items included in the arrangement.
4. There is no direct reference to the sales potential of the WEST product range in this report as this will largely depend on market acceptance. The findings of this report are based entirely on secondary research conducted by Market Equity, utilising the resources of respected authorities in each of the relevant target markets.
5. This report has been prepared for the purpose of inclusion in a Prospectus to be issued by Optima Corporation Limited. The contents of the report should be read in its entirety and within the context of the scope of the report.
6. Optima Corporation Limited has agreed to indemnify and hold harmless Market Equity from and against any claims, liabilities, costs or expenses, except to the extent that they result from negligence or wilful misconduct arising directly from, or in relation to, this report.

About the Author

Market Equity Pty Ltd is a specialist marketing consultancy providing market research, planning and strategy services. The firm has specialist capabilities in marketing evaluation of new products and its consultants have prepared numerous independent market reports on a wide range of technologically advanced product developments.


BRENT STEWART
Chairman and CEO


MATTHEW CRELLIN
Senior Consultant

27 February 2004

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Unless otherwise stated, we have undertaken no special audits or examinations to determine the validity of the documentation, information or instructions provided to us and on which this report is based.

This report is intended to be used for the specific purposes described in the text and only by the parties to whom it is addressed. We deny any liability to the parties in whom the report is addressed, where use is made, of the whole or part of the report, in a way other than that described. Further, we deny any liability to any other party who may use or rely on the whole or any part of the report.

Section 8: Independent Accountant's Report



3 March 2004

The Directors
Optima Corporation Limited
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SUBIACO WA 6008

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Dear Sirs

Independent Accountant's Report

1. INTRODUCTION

This Report has been prepared at the request of the Directors of Optima Corporation Limited ("the Company") for inclusion in a Prospectus ("the Prospectus") to be dated on or about 3 March 2004 relating to the issue of 10,000,000 fully paid ordinary shares ("shares") at an issue price of \$0.20 per share each to raise \$2,000,000, together with a free attaching option for each share issued.

Expressions defined in the Prospectus have the same meaning in this Report.

2. BACKGROUND

The Company listed on the Official List of the Australian Stock Exchange Limited in January 2002 with its principal business activities being the provision of financial services. The Company has recently acquired a 100% interest in West Surfing Products (USA) Pty Ltd ("WSP"). WSP has an exclusive license to manufacture, market, use, sell and distribute products designed by the well known West Australian surf company "West Surfing Products" within the world's largest surf market, the United States of America.

The Licence allows WSP to sell, supply, use and exploit all of the Trade Marks and Logos owned by West Surfing Products, and to manufacture new products bearing the Logos and Trade Marks anywhere in the United States.

3. SCOPE

PKF Corporate Advisory Services (WA) Pty Ltd have been requested to conduct an independent review of the Historical Statement of Financial Position of the Company as at 31 December 2003 and the Pro-Forma Statement of Financial Position as at 31 December 2003. PKF Chartered Accountants have reviewed the financial report of the Company for the period ended 31 December 2003 and have provided an unqualified review opinion.

Section 8: Independent Accountant's Report (Cont.)

The purpose of the Pro-Forma Statement of Financial Position is to demonstrate the financial effect on the Company assuming that the following transactions had taken place on 31 December 2003:

- The issue of 10,000,000 shares at \$0.20 each to raise \$2,000,000 together with one free attaching option for each share issued pursuant to the Prospectus, assuming no oversubscriptions; and
- The settlement of costs incurred by the Company of \$75,000 in relation to the Prospectus. These costs are recognised directly in equity as a reduction of the share proceeds received in accordance with IUC 23 "Transaction costs arising on the issue of equity instruments".

Our review of the Historical and Pro-Forma Statement of Financial Position was conducted in accordance with Australian Auditing and Assurance Standard AUS 902 "Review of Financial Reports" and was limited to such inquiries and procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- i) A review of work papers, accounting records and other documents prepared by the Company;
- ii) A review of the assumptions used to compile the Pro-Forma Statement of Financial Position as set out in Note 8 of this Report;
- iii) Enquiry of Directors, management and others; and
- iv) A review for post balance date events.

Our review was undertaken in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that:

- (i) The Historical Statement of Financial Position as at 31 December 2003 is not presented fairly in accordance with the measurement requirements, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia; and
- (ii) The Pro-Forma Statement of Financial Position as at 31 December 2003 is not presented fairly in accordance with the measurement requirements, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, assuming the transactions set out in Note 8 of Annexure A had taken place as at 31 December 2003.

These review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit on the Historical and Pro-Forma Statement of Financial Position set out in Annexure A and accordingly, we do not express an audit opinion on the Historical and Pro-Forma Statement of Financial Position as at 31 December 2003.

4. STATEMENT

4.1 Historical Statement of Financial Position

Based on the scope of our review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Statement of Financial Position as at 31 December 2003 as set out in Annexure A is not presented fairly in accordance with the measurement requirements, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

4.2 Pro-Forma Statement of Financial Position

Based on the scope of our review, which is not an audit, nothing has come to our attention which causes us to believe that the Pro-Forma Statement of Financial Position as at 31 December 2003, as set out in Annexure A is not presented fairly in accordance with the measurement requirements, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, on the basis and assumption that the transactions set out in Note 8 of Annexure A had taken place as at 31 December 2003.

Section 8: Independent Accountant's Report (Cont).

5. SUBSEQUENT EVENTS

To the best of our knowledge and belief, and based on the work we have performed in relation to the scope of work set out in Section 3 of this Report, there have been no material transactions or events subsequent to 31 December 2003, other than those included in our Report, which would require a comment on or adjustment to, the information referred to in our Report or that would cause the information included in this Report to be misleading.

We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

6. DECLARATION

PKF Corporate Advisory Services (WA) Pty Ltd is responsible for this Report. This Report is strictly limited to the matters contained herein and is not to be read as extending by implication or otherwise, to any other matter. PKF Corporate Advisory Services (WA) Pty Ltd is an entity controlled by the partners of PKF Chartered Accountants. PKF Chartered Accountants are the appointed auditors of the Company and have received fees of \$17,000 during the last two financial years.

PKF Corporate Advisory Services (WA) Pty Ltd does not have any interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this matter.

Except for fees relating to this Report, which are based on normal commercial terms, PKF Corporate Advisory Services (WA) Pty Ltd does not have any interest in the Company nor in the outcome of the Capital Raising.

PKF Corporate Advisory Services (WA) Pty Ltd has not made, and will not make, any recommendation through the issue of this Report to potential investors of the Company as to the merits of the investment.

Consent for the inclusion of this Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

Yours sincerely

PKF Corporate Advisory Services (WA) Pty Ltd

IAN P OLSON

Director

Authorised Representative under Proper Authority

Section 8: Independent Accountant's Report (Cont.)

Annexure A – Financial Information

Statements of Financial Position

Set out below is the reviewed Historical Statement of Financial Position of the Company as at 31 December 2003, and the reviewed Pro-Forma Statement of Financial Position as at 31 December 2003 prepared on the basis that the assumptions as set out in Note 8 had taken place as at 31 December 2003.

	Notes	Reviewed 31 December 2003 \$	Reviewed Pro-forma 31 December 2003 \$
CURRENT ASSETS			
Cash assets	2	531,407	2,456,407
Receivables	3	17,784	17,784
TOTAL CURRENT ASSETS		549,191	2,474,191
NON-CURRENT ASSETS			
Plant and Equipment	4	7,930	7,930
Intangibles	5	611,439	611,439
TOTAL NON-CURRENT ASSETS		619,369	619,369
TOTAL ASSETS		1,168,560	3,093,560
CURRENT LIABILITIES			
Payables	6	117,045	117,045
TOTAL CURRENT LIABILITIES		117,045	117,045
NON-CURRENT LIABILITIES			
Payables	6	100,000	100,000
TOTAL NON-CURRENT LIABILITIES		100,000	100,000
TOTAL LIABILITIES		217,045	217,045
NET ASSETS		951,515	2,876,515
EQUITY			
Contributed equity	7	3,522,255	5,447,255
Accumulated losses		(2,570,740)	(2,570,740)
TOTAL EQUITY		951,515	2,876,515

The above statements of financial position should be read in conjunction with the accompanying notes.

Section 8: Independent Accountant's Report (Cont.)

NOTES TO THE STATEMENTS OF FINANCIAL POSITION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Statements of Financial Position have been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Statements of Financial Position have been prepared on an accruals basis based on historical costs, and, except where stated, do not take into account changing money values or current valuations of non-current assets, unless otherwise stated.

The following is a summary of the material accounting policies adopted in the preparation and presentation of the Statements of Financial Position. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

The Consolidated Statement of Financial Position comprises a consolidation of the financial statements of the Company, being the parent entity and its controlled entities.

The accounts of controlled entities are prepared for the same reporting period as the parent entity. The accounting policies applied for by the parent and controlled entities are consistent.

The balances and effects of transactions, between controlled entities included in the Consolidated Statement of Financial Position have been eliminated.

(b) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount, less a provision for any uncollected debts where considered appropriate. Bad debts are written off as incurred.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net assets acquired. Goodwill is amortised over a period of 10 years.

(d) Trade and Other Payables

Liabilities and trade creditors of the entity are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and services received.

(e) Taxation

The parent entity has not brought tax benefits or deferrals to account as it is not considered virtually certain that they will be recovered. Future income tax benefits resulting from timing differences have also not been brought to account as the recovery of the benefit is not considered beyond reasonable doubt.

(f) Share Capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising from the issue of ordinary shares are recognised directly in equity as a reduction of the shares proceeds received.

(g) Licenses

Licenses are amortised using the straight line method over 10 years.

Section 8: Independent Accountant's Report (Cont.)

NOTES TO THE STATEMENTS OF FINANCIAL POSITION

	Notes	Reviewed 31 December 2003 \$	Reviewed Pro-forma 31 December 2003 \$
2. Cash Assets			
Cash	9	531,407	2,456,407
		<u>531,407</u>	<u>2,456,407</u>
3. Receivables (Current)			
Receivables		17,784	17,784
		<u>17,784</u>	<u>17,784</u>
4. Plant and Equipment			
Plant and equipment at cost		10,174	10,174
Accumulated depreciation		(2,244)	(2,244)
Total plant and equipment		<u>7,930</u>	<u>7,930</u>
5. Intangibles			
License		250,000	250,000
Goodwill		361,439	361,439
Total Intangibles		<u>611,439</u>	<u>611,439</u>
6. Payables			
Current			
Accounts payable and accruals		<u>117,045</u>	<u>117,045</u>
Non-Current			
Accounts Payable		<u>100,000</u>	<u>100,000</u>
7. Contributed Equity			
(a) Ordinary shares fully paid		<u>3,522,255</u>	<u>5,447,255</u>
Total Contributed Equity		<u>3,522,255</u>	<u>5,447,255</u>

Movements in ordinary shares are as follows:

Date	Details	Notes	No. of Shares	Issue Price	\$
31 December 2003	Balance at 31 December 2003		56,452,501	-	3,522,255
Pro forma transaction	Issue pursuant to the Prospectus	8(a)	10,000,000	\$0.20	2,000,000
Pro forma transaction	Capital raising costs	8(b)	-	-	(75,000)
Pro forma 31 December 2003	Pro forma closing balance		<u>66,452,501</u>		<u>5,447,255</u>

Section 8: Independent Accountant's Report (Cont.)

NOTES TO THE STATEMENTS OF FINANCIAL POSITION

Movement in options are as follows

Date	Details	Notes	Number of Options
31 December 2003	Closing Balance		44,600,832
Pro forma transaction	issue pursuant to the prospectus	8 (a)	10,000,000
Pro forma 31 December 2003	Pro forma closing balance		<u>54,600,832</u>

8. Assumptions Used in Preparing the Pro-Forma Statement of Financial Position

The Pro-Forma Statement of Financial Position of the Company as at 31 December 2003 has been prepared on the assumption that the following transactions had taken place at that date:

(a) The issue of 10,000,000 shares at \$0.20 each to raise \$2,000,000 together with one free attaching option for each share issued pursuant to the Prospectus, assuming no oversubscriptions; and

(b) The settlement of costs incurred by the Company of \$75,000 in relation to the Prospectus. These costs are recognised directly in equity as a reduction of the share

proceeds received in accordance with IIG 23 "Transaction costs arising on the issue of equity instruments".

9. Reconciliation of Cash

	Notes	Reviewed Pro-forma 31 December 2003 \$
Opening cash balance	2	531,407
Pro forma cash transactions		
Funds raised from issue of 10,000,000 shares	8(a)	2,000,000
Capital raising costs	8(b)	<u>(75,000)</u>
Closing Cash Balance		<u>2,456,407</u>

10. Related Party Transactions

Transactions with Related Parties and Director's Interest are disclosed in Section 9.3 of the Prospectus.

11. Subsequent Events

Subsequent to 31 December 2003 to the date of this report, there has not arisen any event of a material nature likely, in the opinion of the Directors, to affect significantly the operations of the Company or its state of affairs in the future years.

12. Material Contracts

Material contracts are disclosed in Section 9.2 of the Prospectus.

Section 9: Additional Information

9.1 RIGHTS ATTACHING TO SHARES

There is only one class of share on issue in the Company being fully paid ordinary shares. The rights attaching to Shares are:

- (a) set out in the Constitution of the Company; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the SCH Business Rules and the general law.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders.

All Shares issued pursuant to this Prospectus will from the time they are issued, rank *pari passu* with all the Company's existing Shares.

Voting

Subject to any restriction on voting imposed due to a breach of the Listing Rules relating to restricted securities or any escrow agreement entered into by the Company and a member, every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one

vote for every Share held by him or her, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.

Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will (subject to the rights of any preference shareholders and to the right of the holders of any shares created or raised under any special arrangement as to dividend) be payable on the shares in accordance with the Corporations Act.

Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors. The Directors may refuse to register any transfer of Shares, other than a market transfer, where permitted by the Listing Rules of ASX or the SCH Business Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper SCH transfer of Shares.

Meetings and Notice

Each Shareholder is entitled to receive notice to and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

Winding Up

The Company has only issued one class of Shares, which all rank equally in the event of liquidation. A liquidator may, with the authority of a special resolution of Shareholders, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders. The liquidator can, with the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of the Company can be compelled to accept any Shares or other securities in respect of which there is any liability.

Shareholder Liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

Section 9: Additional Information (Cont.)

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

ASX Listing Rules

Notwithstanding anything in the Constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

9.2 SUMMARY OF MATERIAL CONTRACTS

Set out below is a summary of the more important provisions of contracts to which the Company is a party

which may be material in terms of the Offer or the operation of the Optima business, or otherwise may be relevant to a potential investor in the Company.

Deeds of Indemnity and Access

The Company has entered into a deed of indemnity and access with each of its Directors and the Company Secretary ("Deeds").

Under the Deeds, the Company indemnifies each officer to the extent permitted by the Corporations Act against any liability as a result of the officer acting as an officer of the Company.

The Deeds will also provide the right to access Board papers.

Licence Agreement

On 28 November 2003, WSP entered into an agreement with West Suits Pty Ltd ("West Suits") pursuant to which West Suits granted to WSP an exclusive licence to manufacture, market, use, sell and distribute products designed by West Suits within the United States of America ("Licence").

The Licence, which has a term of 10 years commencing on 1 January 2004 (with WSP having rights to extend for two further terms of ten years each), also allows WSP to use and exploit all of the trade marks and logos (including designs

and intellectual property) owned by West Suits, and to manufacture new products bearing the logos and trade marks anywhere in the United States. If required, WSP also has the right to have these products manufactured anywhere in the world, so long as the finished products are sold and distributed within the USA.

The Licence carries a licence fee of \$250,000 payable by WSP to West Suits over a two-year period (of which \$50,000 has already been paid) and a royalty and sponsorship fee based on gross sales revenue, of no more than 6.5% in total, payable quarterly in arrears.

Pursuant to the Licence, West Suits must not grant any other license or franchise of any nature within the USA, and not itself use or exploit the logos or trade marks within the USA.

West Suits has provided the following warranties (amongst others), which are repeated on each day of the term of the Licence and any extension thereof:

- (a) it will use its best endeavours to cause, within 2 months of the date of signing of the Licence, an application for its registered Australian trade mark to be registered as a trade mark under the laws of the USA (which has already occurred); and
- (b) it has not done or failed to do anything which may cause the rights in connection with the trade marks or the logos to be impaired or terminated.

In addition, West Suits has agreed to indemnify WSP from any

Section 9: Additional Information (Cont.)

loss or damage arising from a breach of these warranties.

The Licence also provides for the termination by West Suits of the Licence if WSP is in breach or non performance of a material obligation of the Licence, where such breach or non performance is not remedied within sixty (60) days of a request to do so.

9.3 INTERESTS OF DIRECTORS OF THE COMPANY

Directors' Share and Option holdings

At the date of this Prospectus the relevant interest of each of the Directors in the Shares and Options of the Company are as follows:

Director	No. of Shares	No. of Options
Mr JK Foo*	5,800,000	3,833,333
Dr YK Foo*	5,800,000	3,833,333
Mr B Sergeant	2,244,039	2,182,039
Mr A Ho	300,001	150,000

*Includes 2,400,000 Shares and 2,266,666 Options held indirectly by Mr JK Foo and Dr YK Foo as a directors of the registered holder, Cerise Holdings Pty Ltd

The Directors of Optima and their associates are precluded from applying for Securities offered pursuant to this Prospectus.

Directors' Remuneration

Non-executive Directors' fees not exceeding an aggregate of \$75,000 per annum have been approved by the Company in general meeting. The level of these fees may be varied by the Company in general meeting in accordance with its Constitution.

Non-executive directors' fees currently paid by Optima are as follows:

Director	Directors' Fees \$/annum
Mr JK Foo	30,000
Mr A Ho	24,000
Dr YK Foo	Nil

Non-executive directors are entitled to be paid additional remuneration for any extra services undertaken by them at the request of the Board of Directors.

Employment Agreement between the Company and Mr B Sergeant

On 23 February 2004, the Company entered into an Employment Agreement with Mr B Sergeant pursuant to which Mr Sergeant agreed to provide the services of Managing Director to the Company.

The Employment Agreement is for a term of 2 years commencing on 23 February 2004, unless terminated

earlier in accordance with the Employment Agreement. The Company must pay to Mr Sergeant \$30,000 per annum in consideration for the provision of Mr Sergeant's services. In addition to the employment fee, the Company will reimburse Mr Sergeant for certain approved expenses and pay superannuation as required.

Company Secretarial Services

A company associated with Mr Anthony Ho currently receives \$2,000 per month for the provision of company secretarial accounting and administration services to the Company.

Interests of Directors

Other than as set out above or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- the promotion or formation of the Company;
- property acquired or proposed to be acquired by the Company in connection with its promotion or formation or the offer of Securities under this Prospectus; or
- the offer of Securities under this Prospectus.

Except as set out above or elsewhere in this Prospectus, no amounts have been paid or agreed to be paid and no benefits

Section 9: Additional Information (Cont.)

have been given or agreed to be given to any Director:

- (i) to induce him to become, or to qualify him as, a Director; or
- (ii) for services rendered by him in connection with the formation or promotion of the Company or the Offer of Securities under this Prospectus.

9.4 INTERESTS OF PERSONS NAMED

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or promoter to the Company to the Offer has, or had within 2 years before lodgement of this Prospectus with ASIC, any interest in:

- a) the formation or promotion of the Company;
- b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Securities under this Prospectus; or
- c) the offer of Securities under this Prospectus.

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of

those persons for services rendered by those persons in connection with the information or promotion of the Company or the offer of Securities under this Prospectus.

PKF Corporate Advisory Services (WA) Pty Ltd will receive professional fees of approximately \$4,000 for accounting services in connection with this Prospectus including the provision of the Independent Accountant's Report included in Section 8 of this Prospectus. Subsequently, fees will be charged in accordance with their normal charge our rates.

In respect of audit services, the Company has paid approximately \$17,000 to PKF Chartered Accountants in the last 2 years.

Market Equity Pty Ltd will receive professional fees of approximately \$13,000 in connection with this Prospectus including the provision of the Independent Market Research Report included in Section 7 of this Prospectus. In the two years before lodgement of this Prospectus, Market Equity Pty Ltd has not received any fees for any other services.

Steinpreis Paganin have acted as Solicitor to the Company in providing general advice in relation to this Prospectus. In respect of legal work, the Company has paid or will pay approximately \$6,500 for these services. Steinpreis Paganin has provided other professional services to the Company in the last 2 years and has been paid approximately \$15,000 for these services.

9.5 CONSENTS

Each of the parties referred to in this Section 9.5:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 9.5; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 9.5.

PKF Corporate Advisory Services (WA) Pty Ltd has given its written consent to the inclusion in this Prospectus of its Independent Accountant's Report and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Market Equity Pty Ltd has given its written consent to the inclusion in this Prospectus of its Independent Market Research Report and to all statements referring to that report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Section 9: Additional Information (Cont.)

Each of the following has consented to being named in the Prospectus in the capacity as noted below and have not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- (a) Steinpreis Paganin, as the Solicitor to Optima;
- (b) Market Equity Pty Ltd as Independent Market Researcher;
- (c) PKF Corporate Advisory Services (WA) Pty Ltd as the Independent Accountant;
- (d) PKF Chartered Accountants, as the Auditor of Optima; and
- (e) Computershare Investor Services Limited, as the Share Registry to Optima.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

9.6 EXPENSES OF THE OFFER

It is estimated that approximately \$75,000 will be payable by the Company in respect of legal, accounting, corporate advisory, experts' fees, printing, ASIC and ASX fees and other costs arising from this Prospectus and the Offer.

9.7 DIVIDEND POLICY

In the short-term, the Company anticipates rapid development and growth and therefore the Board believes that there will be an ongoing requirement to reinvest profits in order to enhance its longer-term potential to attain consistent earnings.

The Directors will develop a suitable dividend policy at the appropriate stage. The Directors can give no assurance as to the extent, timing or actual payment of future dividends or the availability or level of franking credits. The level of dividends payable will depend upon a number of factors including future earnings, capital requirements and the overall financial condition of the Company. The Company has not declared, or paid any dividends before the issue of this Prospectus.

9.8 TAXATION

The acquisition and disposal of Securities in Optima will have tax consequences which will differ depending on the individual financial affairs of each Shareholder. All potential investors in Optima are urged to take independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, Optima, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

9.9 EMPLOYEE OPTION SCHEME

As an incentive to employees of Optima Corporation Limited, the Company has adopted a scheme called the Optima Employee Option Scheme ("Scheme"). At the date of this Prospectus, no Employee Options have been granted under this Scheme.

The purpose of the Scheme is to give employees, Directors and executive officers of the Company an opportunity, in the form of Employee Options, to subscribe for Shares. The Directors consider the Scheme will enable the Company to

Section 9: Additional Information (Cont.)

retain and attract skilled and experienced employees, board members and executive officers and provide them with the motivation to make the Company more successful.

Brief Overview of the Scheme

A summary of the Terms and Conditions of the Scheme is set out below:

Participants in the Scheme

The Board may offer free Employee Options to persons ("Eligible Persons") who are:

- full-time or part-time employees;
- Directors; or
- consultants and any persons who are concerned, or take part in the management,

of the Company or any subsidiary.

Upon receipt of such an Offer, the Eligible Person may nominate an associate acceptable to the Board to be issued with the Employee Options.

Terms of Options

There is no issue price for the Employee Options. The exercise price for the options will be:

- 110% of the market value of the Company's shares on the date on which the Employee Options are issued;
- 20 cents; or
- any greater price determined by the Board.

whichever is the greatest.

Shares issued on exercise of Employee Options will rank equally with other ordinary shares of the Company.

Employee Options may not be transferred without the approval of the Board. Quotation of Employee Options on the ASX will not be sought. However, it will apply to ASX for official quotation of Shares issued on the exercise of Employee Options.

Restrictions on Issues and Exercise of Employee Options

The Board may not offer Employee Options under this Scheme if the total number of Shares the subject of the Employee Options, when aggregated with:

(a) the number of Shares in the same class which would be issued if each outstanding offer or invitation or option to acquire unissued shares in the Company, being an offer or invitation made or option acquired pursuant to this Scheme or any other employee or executive share scheme, was accepted or exercised; and

(b) the number of Shares in the same class issued during the previous five years pursuant to this or any other employee or executive share scheme.

(disregarding any offer or invitation made, or option acquired or share issued following the making of an offer or invitation, to a person situated at the time or receipt of the offer or invitation outside Australia or by way of excluded offer or invitation within the meaning of the Corporations Act), would exceed 5% of the total number of issued Shares of the Company as at the time of the proposed offer.

Employee Options may only be issued or exercised within the limitations imposed by the Corporations Act and the Australian Stock Exchange Listing Rules.

Exercise of Options

Employee Options may be exercised at any time between 2 and 5 years after the date of grant of the Employee Options.

If an Eligible Person leaves the employment of the group:

Section 9: Additional Information (Cont.)

- i. 2 years or more after Employee Options are issued; or
- ii. because of retirement at or after 55 years of age, disability, retrenchment, death or any other circumstances approved by the Board,

the Employee Options may be exercised within 30 days (or 3 months in the case of death), or any longer period permitted by the Board. If not exercised in that time, the Employee Options lapse.

If an Eligible Person leaves the employment of the group earlier than 2 years after Employee Options are issued and (ii) above does not apply, the Employee Options lapse.

If an Eligible Person acts fraudulently, dishonestly or in breach of obligations to the Company or any subsidiary then, at the Board's discretion, Employee Options issued for that person will lapse.

Unexercised Employee Options will automatically lapse five years after they are issued.

Participation in Future Issues

The holders of Employee Options do not have the right to participate in new issues without exercising their Employee Options in accordance with the Listing Rules and provided such exercise is permitted by the terms of the Employee Option. The Company must notify the holders of Employee

Options of a pro rata rights issue at least 9 business days before the record date.

The number of Shares to be issued pursuant to the exercise of Employee Options will be adjusted for bonus issues made prior to the exercise of Employee Options. The effect will be that upon exercise of the Employee Options, the number of Shares received by the holder will include the number of bonus shares that would have been issued if the Employee Options had been exercised prior to the record date for bonus issues. The exercise price of the Employee Options will not change as a result of any such bonus issue.

If the Company makes a pro rata rights issue of ordinary shares for cash to its ordinary shareholders then there is provision for adjustment of the exercise price of unexercised Employee Options to reflect the diluting effect of the issue.

Capital Reconstruction

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.

9.10 COMPANY TAX STATUS

The Directors expect the Company will be taxed in Australia as a public company.

9.11 ASX REPORTING

Optima is subject to regular reporting and disclosure obligations which require it to disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the Company's securities. Having taken such precautions and made such enquiries as are reasonable, Optima believes that it has complied with the general and specific requirements of ASX which require it to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Section 9: Additional Information (Cont.)

9.12 RECENT SHARE TRADING HISTORY

The highest and lowest market price of the Company's quoted Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last sale immediately preceding the date of suspension of the Company's Securities were:

	Price	Date
Highest	\$0.30	30 January 2004
Lowest	\$0.07	2 December 2003
Latest	\$0.30	5 February 2004

9.13 LITIGATION

The Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

9.14 TERMS AND CONDITIONS OF OPTIONS

The 44,680,832 Options currently on issue (refer Section B) and the Options to be granted pursuant to this Prospectus have the following terms and conditions:

A. Issue Price

The Options have been granted for nil consideration.

B. Entitlement

Each Option shall entitle the holder the right to subscribe (in cash) for one (1) Share in the capital of the Company.

C. Option Period

The Options will expire at 5.00pm WST on 31 December 2004. Subject to Clause G hereof, Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date.

D. Ranking of Share Allotted on Exercise of Option

Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects *pari passu* with the existing Shares in the capital of the Company on issue at the date of allotment.

E. Voting

A registered owner of an Option ("Option Holder") will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

F. Transfer of an Option

Options are transferable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.

G. Method of Exercise of an Option

G.1 The Company will provide to each Option Holder a notice that is to be completed when exercising the Options ("Notice of Exercise of Options"). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder

Section 9: Additional Information (Cont.)

is less than 2,500, then the total of all Options held by that Option Holder must be exercised.

G.2 The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of 20 cents (\$0.20) per Share.

G.3 Subject to Clause G.1 above hereof, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.

G.4 Within 14 days from the date the Option Holder properly exercises options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.

G.5 If the Company is listed on the ASX, the Company will within three (3) business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.

G.6 The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules of the ASX, the timetable outlined in the Listing Rules shall apply.

H. Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

I. Participation in New Share Issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least 9 business days after such new issues are announced (or such other date if required under

the Listing Rules of the ASX) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

J. No Change in Options' Exercise Price or Number of Underlying Shares

There are no rights to change the exercise price or the number of underlying Shares.

Section 9: Additional Information (Cont.)

9.15 ELECTRONIC PROSPECTUS

This Prospectus is available online at:

www.optimacorp.com.au

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper prospectus lodged with the ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions.

If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact Optima (at email:

info@optimacorp.com.au

or telephone (08) 9382 1311) and Optima will send to you free, either a hard copy or a further electronic copy of the Prospectus or both.

Optima reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the application monies received will be dealt with in accordance with the Corporations Act.

Section 10: Definitions

Applicant means a person who submits an Application.

Application means a valid application to subscribe for Shares.

Application Form means the application form attached to and forming part of this Prospectus.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ACN 008 624 691).

Auditor means PKF Chartered Accountants.

Board means the Board of Directors of Optima unless the context indicates otherwise.

Business Day has the meaning given to that term by the Listing Rules.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means 24 March 2004.

Company or Optima means Optima Corporation Limited (ABN 36 098 455 460).

Controlled company means a company over which Optima exerts control.

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

Directors mean the directors of the Company.

Electronic Prospectus means the electronic version of this Prospectus.

Employee Option means an option to subscribe for one Share granted pursuant to the terms of the Employee Option Scheme set out in Section 9.9 of this Prospectus.

Group means Optima Corporation Limited and its Controlled companies.

Independent Accountant means PKF Corporate Advisory Services (WA) Pty Ltd.

Independent Accountant's Report means the report contained in Section 8 of this Prospectus.

Independent Market Research Report means the report contained in Section 7 of this Prospectus.

Issue means the issue of up to 10,000,000 Shares and 10,000,000 Options pursuant to this Prospectus.

Issuer Sponsored means Shares issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of the ASX.

Offer means the invitation to apply for Securities pursuant to this Prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the Official List of the ASX.

Official Quotation means quotation of the Securities on the Official List and any suspended quotation if it is not a continuous period exceeding 60 days.

Opening Date means 10 March 2004.

Optima or Company means Optima Corporation Limited (ABN 36 098 455 460).

Option means an option to subscribe for one Share in Optima exercisable at 20 cents on or before 31 December

2004, on the terms and conditions set out in Section 9.14 of this Prospectus.

Option Holder means those parties holding Options to acquire Shares in Optima.

Prospectus means this prospectus dated 3 March 2004 for the issue of up to 10,000,000 Shares and up to 10,000,000 Options and includes an Electronic Prospectus.

Share means one fully paid ordinary share in the capital of the Company.

Securities means Shares and Options.

Shareholder means a holder of Shares.

WSP means West Surfing Products (USA) Pty Ltd (ACN 107 083 103).

WST means Western Standard Time, Perth, Western Australia.

Section 11: Directors' Statement

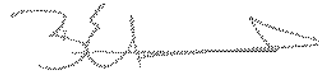
The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors' knowledge, before any issue of Securities pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 3 March 2004

Signed for and on behalf of the Company:



Blair Sergeant
Managing Director

OPTIMA CORPORATION LIMITED

SECTION 12: APPLICATION FORMS AND INSTRUCTIONS

This Application Form relates to the Prospectus dated 3 March 2004 for an offer of 10,000,000 Shares in Optima Corporation Limited at 20 cents each and 10,000,000 Free attaching Options to raise up to a total of \$2,000,000.

APPLICATION FORMS

Applications must be made on the application form attached to this Prospectus. Please complete all parts of the application form using BLOCK LETTERS.

Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicant's pursuit to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicant's agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is an irregularity in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to continue, amend or complete it, shall be final.

PAYMENT

Applications for Shares must be accompanied by the application money of 20 cents per Share (in Australian currency). Cheques should be made payable to "Optima Corporation Limited Share Subscription Account" and crossed "Not Negotiable".

LOGGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:	OR	Delivered to:
Optima Corporation Limited		Optima Corporation Limited
c/- Computershare Investor Services Pty Limited		c/- Computershare Investor Services Pty Limited
GPO Box D182		Level 2, Reserve Bank Building
PERTH WA 6840		45 St George's Terrace
		PERTH WA 6000

Applications must be received by no later than 5:00pm WST on 24 March 2004.

BROKER SPONSORED APPLICANTS

The Company is an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are already a Broker Sponsored participant in this system, you may complete this section or forward a signed Application Form to your sponsoring broker for completion prior to lodgement. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however; if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Optima. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual Use given names, not initials	John Alfred Smith	JA Smith
Company Use Company title, not abbreviations	XYZ Pty Ltd	XYZ P/L XYZ Co.
Trusts Use trustee(s) personal name(s). Do not use the name of the trust	Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s)	Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners' personal names, do not use the name of the partnership	John Smith and Michael Smith <John Smith and son A/C>	John Smith and son
Clubs/Incorporated Bodies/Business Names Use office bearer(s) personal name(s). Do not use the names of the clubs etc.	Michael Smith <XYZ Cricket Association A/C>	XYZ Cricket Association
Superannuation Funds Use of name of trustee of fund, do not use the name of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

OPTIMA CORPORATION LIMITED

SECTION 12: APPLICATION FORMS AND INSTRUCTIONS

This Application Form relates to the Prospectus dated 3 March 2004 for an offer of 10,000,000 Shares in Optima Corporation Limited at 20 cents each and 10,000,000 free attaching Options to raise up to a total of \$2,000,000.

APPLICATION FORMS

Applications must be made on the application form attached to this Prospectus. Please complete all parts of the application form using BLOCK LETTERS.

Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is an irregularity in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final.

PAYMENT

Applications for Shares must be accompanied by the application money of 20 cents per Share (in Australian currency). Cheques should be made payable to "Optima Corporation Limited Share Subscription Account" and crossed "Not Negotiable".

LOGGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:	OR	Delivered to:
Optima Corporation Limited		Optima Corporation Limited
c/- Computershare Investor Services Pty Limited		c/- Computershare Investor Services Pty Limited
GPO Box D182		Level 2, Reserve Bank Building
PERTH WA 6940		45 St George's Terrace
		PERTH WA 6000

Applications must be received by no later than 5.00pm WST on 24 March 2004.

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TAX FILE NUMBERS

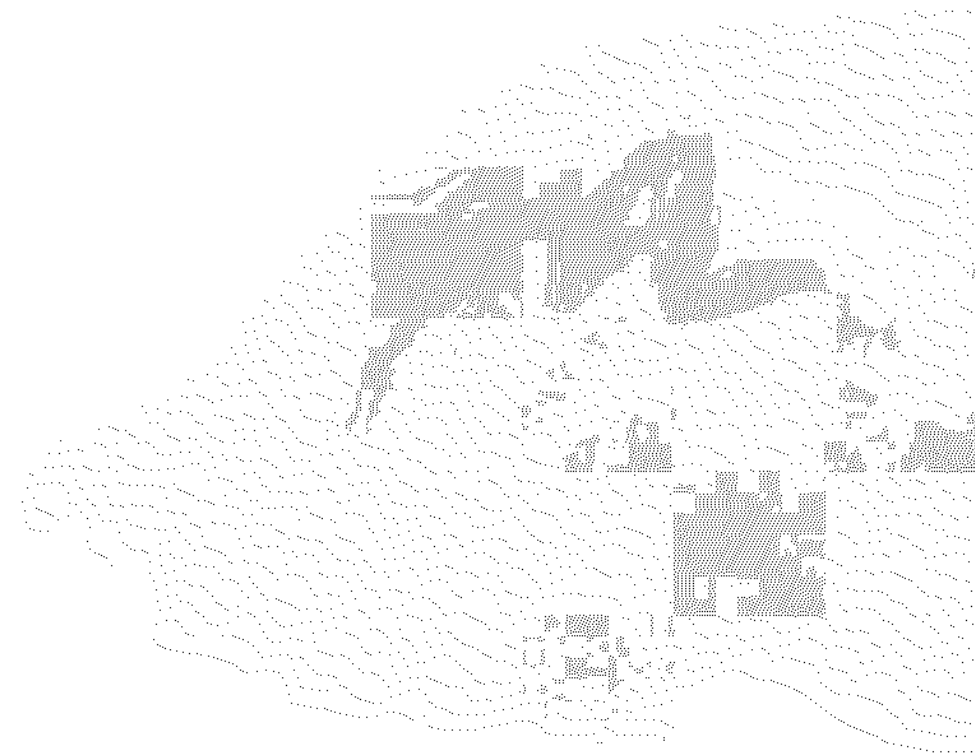
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