OPTIMA
Corporation Limited

OPERATIONS REVIEW – QUARTER ENDED 30 SEPTEMBER 2004

ANNOUNCEMENT **20 OCTOBER 2004**

WEST

The Board of Optima Corporation Limited **("Optima")** is pleased to advise that the recent "official" launch of West at the ASR Trade Show in San Diego, California, followed by Surf Expo in Orlando was a success. The brand was well received by retailers and the industry in general. These two Trade Shows involved some 1,500 exhibitors and 13,000 retailers from around the world passing through the convention centres.

Interest from both the West and East Coasts of the USA was strong. In addition, many of the largest retailers in Puerto Rico confirmed they would be supporters of the brand.

The market reaction has reconfirmed the Board's position that the US surf market is receptive to a core surf brand with the heritage and credibility of West.

A limited product range was introduced at the two September shows as the primary focus of our attendance at these shows was on building brand awareness rather than sales, with first shipments to the United States to commence in November. The strategy from this point is to unveil a full summer apparel and wetsuit line at the forthcoming ASR and Surf Expo trade shows in January 2005.

CREATURES OF LEISURE

Optima recently secured the exclusive USA distribution and intellectual property rights for well-known and respected surf accessories manufacturer, Creatures of Leisure **("Creatures").**

The Creatures licence is in line with Optima's previously stated strategic objective of securing other surf brands that are complementary to Optima's existing licence with West. The two brands are merchandised through similar distribution channels and complement each other strongly from a logistics, marketing and brand management perspective.

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Creatures did not exhibit at the recent trade shows in San Diego and Orlando, although Damon George, Brand Manager of Creatures, attended the show as an observer. As a result, orders were taken and numerous meetings with retailers were arranged for coming weeks.

The first two shipments of Creatures product are scheduled to arrive in California in early November and two further shipments are scheduled to arrive in January next year.

Revenue from the sales of Creatures products will commence during the December 2004 quarter, following the arrival of the first shipments.

Creatures is a market leader in the surf accessories segment, producing a range of high quality leashes, deck grips, board bags and other related surf travel accessories.

MARKETING INITIATIVES

Since April 2004 (ie. the re-admission to ASX of Optima), the Company has launched a number of marketing initiatives, which include the following:

Direct Mail – "We are WEST"

This consisted of a package sent to hundreds of independent surf retailers across the USA containing a t-shirt, a friendly introduction letter and a return postcard to get more free promotional t-shirts for other employees of the retail outlet. The response was highly encouraging. Additional direct mail campaigns are planned as part of a sustained overall marketing campaign.

Print

WEST launched a national print campaign into Transworld Surf (International), Surfing, (International), Mundo Rad (Regional), and Eastern Surf Magazine (Regional). Print advertising will be expanded to include additional regional publications from January 2005.

Creatures print campaigns currently consist of periodic double-page advertisements in the major publications of Surfer, Surfing and Transworld.

B2B Contest

WEST created a unique B2B contest in which retailers who visited the ASR or Surf Expo trades shows wearing a WEST promotional t-shirts, had their photo taken, which was then entered into a contest to win 2 tickets to Australia. This proved to be an effective tool in terms of brand awareness.

Public Relations

Press releases are made as each major milestone is achieved, commencing with the launch of WEST. Other releases have followed advising of the appointment of Jim Watson, Mike Sagorin, Mike Lesher, Michelle Le Blanc, Damon George and Rob Machado. Initially, the releases were circulated to the surf community but have since been expanded to national non-endemic print media as well.

These PR efforts have resulted in an article in Transworld Surf Biz and multiple releases being published in its successor, Transworld Action Sports Biz.

The U.S. Open of Surfing

The U.S. Open of Surfing is the largest surf event in the U.S. The Company staged two separate team rider "signings" in conjunction with Jack's Surf Shop of Huntington Beach, California, one of the most influential surf retailers in the world. Both signings (WEST Surfing and Creatures of Leisure) were highly successful with hundreds of young surfers queuing to have t-shirts and posters signed by some of our key team riders including Nathan "Noodles" Webster (WEST) and Taj Burrow (Creatures).

Outer Banks Pro & Squalo Mexican Surf Fiesta

WEST recently sponsored the Outer Banks Pro surf event, and the Squalo Mexican Surf Fiesta Pro surf contest at which promotional goods, including custom made t-shirts for each event. This is a part of our ongoing event and overall marketing strategy to approach individual market segments within the surfing community with custom and specific messages.

Team Sponsorship

WEST selects team members based on their influence in their particular surfing arena. Nathan Webster was selected based on his international influence. The Company will also select team riders based on their local, national, and international influence. WEST has begun expanding the U.S. team and individual surfer sponsorship is an ongoing marketing initiative. Creatures already has a well-established international team.

Trips

WEST conducted its first surf trip to Puerto Escondido, a well-known Mexican surf spot. The trip proved very successful and provided the Company with several photo opportunities which will provide advertising and collateral material. Trips will be a key, not only in providing compelling images for advertising but for gaining editorial coverage in magazines and other media outlets. Further planned trips include Hawaii, Chile, Western Australia, etc.

Pro-Form Program

This month WEST and Creatures will be starting a Pro-form program. The program is designed to sell product to shop employees and industry related consumers at a discount. At this stage, product offerings will be limited to selected pieces that will be made available prior to retail availability.

Website

WEST is currently using a temporary website that will be developed into a full site in the coming weeks. The current site has an optional password that users can only find in the print ads. Once admitted to the website, the user is rewarded with a free t-shirt when information is provided by the user. This allows us to gather information on our core consumers as well as encouraging them back to the advertising. This function will be moved to a contest area once the full site is developed.

HUB 360

In addition to the "consumer" site described above, WEST has signed with HUB 360 to facilitate our B2B distribution. HUB 360 allows shops to order online and see new products. The option is seen as strategically important and cost effective as a direct investment to develop an in-house B2B system can be prohibitive. The site will allow WEST to provide up to the minute product and pricing information to retail customers. The site does not eliminate the need for sales representatives, rather it reinforces WEST Surfing's commitment to customer service and focused distribution. Other companies using this website are Billabong, Reef, and Quiksilver.

INFRASTRUCTURE

The Company has secured a warehouse facility located in Oceanside, which is located in Northern San Diego County, California. The location is considered excellent given the ease of access to the great majority of independent surf retailers within Southern California. It is also conveniently located in terms of access to both Long Beach and San Diego port facilities.

The office/warehouse is currently being utilised for both West and Creatures product, maximising staff efficiencies and logistics where possible.

The Board looks forward to advising all shareholders of progress in the coming months and remain confident that the efforts of the US team will establish a credible sales platform.

AUTHORISED BY:

Blair Sergeant
Managing Director

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

OPTIMA CORPORATION LIMITED

ABN

36 098 455 460

Quarter ended ("current quarter")

30 September 2004

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from customers		6	6
1.2	Payments for	(a) staff costs	(103)	(103)
		(b) advertising and marketing	(225)	(225)
		(c) research and development	-	-
		(d) leased assets	-	-
		(e) other working capital (including inventories)	(336)	(336)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		16	16
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		-	-
	Net operating cash flows		**(642)**	**(642)**

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (3 months) $A'000
1.8	Net operating cash flows (carried forward)	**(642)**	**(642)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	(50)	(50)
	(d) physical non-current assets	(24)	(24)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other	-	-
	Net investing cash flows	**(74)**	**(74)**
1.14	**Total operating and investing cash flows**	**(716)**	**(716)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	**(716)**	**(716)**
1.21	Cash at beginning of quarter/year to date	1,911	1,911
1.22	Exchange rate adjustments to item 1.21	1	1
1.23	**Cash at end of quarter**	**1,196**	**1,196**

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(36)
	Aggregate amount of payments to the parties included in item 1.20	-
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Re: item 1.24

Executive Director's remuneration	(14)
Payment for services of executive directors of subsidiaries	(13)
Payment to a director-related entity for rent & outgoings	(2)
Payment to a director-related entity for secretarial & accounting services	(7)
	(36)

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

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

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

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	169	61
4.2	Deposits at call	1,027	1,850
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**1,196**	**1,911**

Acquisitions and disposals of business entities

		Acquisitions *(Items 1.13 and 2.1)*	Disposals *(Item 1.10(a))*
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 20 October 2004
(Managing Director)

Print name: Blair Sergeant

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.