

**OPTIMA**  
Corporation Limited

2 August 2006

Mr Nicholas Ong  
Companies Adviser  
Australian Stock Exchange Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

by facsimile: 08 9221 2020

Dear Sir,

We refer to your letter dated 2 August 2006 regarding the Company's Appendix 4C for the quarter ended 30 June 2006 and respond to it in the order of the matters raised:

1. As advised in our ASX announcements during the year, the Company's principal activity is the marketing and development of *West* and *Creatures of Leisure* in the USA, where the Company acts as licensee for these surf brands. On the 30 June 2006, shareholders approved the acquisition of a 100% interest in Capital Pacific Pty Ltd ("Capital Pacific"), the owner of Vmoto Motorcycles Australia ("Vmoto"), expanding the Company's portfolio of brands to three. As a result the Company acquired approximately A\$888,000 of trade receivables and A\$594,000 of inventories together with a \$1.25 million overdraft facility and a trade loan facility of approximately \$350,000. The Company expects that Capital Pacific will continue to maintain these facilities.

In addition to those assets acquired from Capital Pacific, the Company also has inventories of approximately A\$1,374,000 (at wholesale price) and trade receivables of A\$437,000 in the USA (as noted in the June 2006 Quarter Operations Review). Consequently, the Company expects that revenue will continue to flow and receipts from sales will replenish working capital. The Company has also introduced certain cost restructure measures in the USA which should improve its ongoing cashflow.

2. The Company does not expect to have negative operating cash flows similar to that reported in the 30 June 2006 Quarterly Report. As noted in the June 2006 Quarter Operations Review the Board is reviewing its current strategy for the *West* brand. As a result, it has been decided to focus on wet suits sales as opposed to the apparel enabling the Company to reduce overheads markedly.
3. The Company is currently reviewing a number of financing alternatives for its activities. On 30 June 2006, shareholder approval was granted for a placement of up to 30 million shares to raise a maximum of \$3 million in working capital. The activities of the Company (and their associated costs) are such that they can be managed within the Company's cash resources.
4. The Company confirms that it is in compliance with ASX Listing Rule 3.1.
5. The Company confirms that it is in compliance with ASX Listing Rule 12.2.

Please do not hesitate to contact us if further information is required.

Yours sincerely,



Blair Sergeant  
Managing Director



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**FAXED**  
August 2006



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Blair Sergeant  
Company Secretary  
Optima Corporation Limited  
First Floor 189 Hay Street  
Subiaco WA 6008

Facsimile: 9382 1322

Dear Blair

**Optima Corporation Limited (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 June 2006, released to Australian Stock Exchange Limited ("ASX") on 31 July 2006, (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$390,000.
2. Net negative operating cash flows for the quarter of \$582,000.
3. Cash at end of quarter of (\$809,000).

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

#### Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5.00 p.m. W.S.T. today.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please contact me on 9224 0017.

Yours sincerely,



Nicholas Ong  
Senior Adviser, Issuers (Perth)