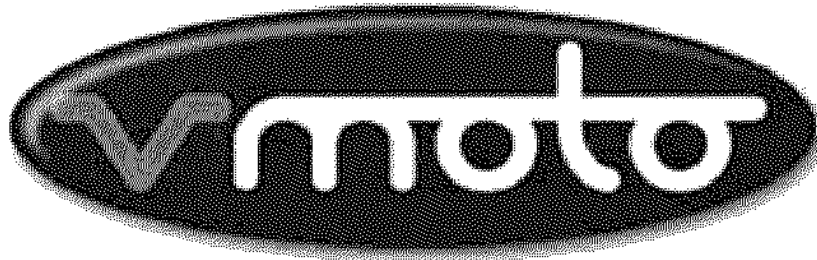


## OPERATIONS REVIEW – QUARTER ENDED 30 JUNE 2006

ANNOUNCEMENT

31 JULY 2006

On the 9 May 2006, the Company announced its intention to acquire a 100% interest in Capital Pacific Pty Ltd, the owner of Vmoto Motorcycles Australia, which includes Vmoto scooters, Vmoto ATV's (All Terrain Vehicles) and Vmoto motorcycles.



[www.vmoto.com.au](http://www.vmoto.com.au)

Shareholders overwhelmingly approved the acquisition of Australia's fastest growing scooter business, Vmoto at a general meeting held on 30 June 2006.

This addition of the Vmoto expanded Optima's portfolio of brands to 3, which includes the 10 year intellectual property licence to manufacture, market and distribute the iconic West Australian wet suit brand, *West*, in the United States, together with a similar five year licence to distribute throughout the US, the well known surf accessory brand, *Creatures of Leisure*.

Optima issued 60 million fully-paid shares at 7.5c each to acquire Capital Pacific Pty Ltd, the owner of the Vmoto brand.

### *Background to Vmoto*

Vmoto is a wholly-owned Australian motor cycle brand specialising in hi-tech motor scooters. For the last 3 calendar years running, Vmoto have occupied the #1 brand position in the Australian scooter market.

Vmoto has 65 dealers throughout Australia and has recently established distribution networks in New Zealand (eight dealers) and the United States (three dealers).

Vmoto's state of the art production facilities are all situated in the Peoples' Republic of China, one of which is currently the world's largest motor cycle factory.

All Vmoto scooters carry full volume compliance having passed the Australian Design Rules ("ADR") (some of the most stringent in the world). In addition to ADR compliance, the Vmoto brand and trade mark is also registered in over 15 countries worldwide.

Vmoto's GLOBAL headquarters and distribution centre is located in Perth, Western Australia.



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**WEST**

As mentioned in the previous quarterly report, tougher than expected market conditions had caused the Board to re-examine its current strategy. As a result, it has been decided to focus on wet suits sales as opposed to the apparel. This has enabled the company to reduce overheads substantially and focus the efforts on reinforcing the brands credible reputation as a premium surfing wetsuit manufacture.

Inevitably, the phasing out of the apparel line will produce lower sales numbers, although the brand is much closer to reaching break-even than in any point in its brief history.

Total sales during the quarter posted were A\$216,331 (US\$162,984), which as a total is lower than that achieved during the same quarter in 2005. However, with wetsuit sales actually up on last years numbers, the result reflects the beginning of apparel being phased out, at least temporarily.

As at 30 June 2006, closing inventory at wholesale valuation for *West* amounted to approximately A\$894,000 and accounts receivable were approximately A\$257,000.

**CREATURES OF LEISURE**

*Creatures* sales remain steady, with total gross invoices posted for the period amounting to approximately A\$309,881, (US\$233,797) almost identical to the sales recorded during the same quarter of 2005.

As at 30 June 2006, closing inventory at wholesale valuation amounted to approximately A\$480,000 and accounts receivable were approximately A\$180,000.

**CORPORATE ACTIVITY***Placement*

On the 6 April 2006, the Company successfully raised \$937,500 through the issue of 12,500,000 fully paid ordinary shares at 7.5 cents each.

**Board Appointment**

As a result of the completion of the Vmoto acquisition, Mr Patrick Davin, founder and current Managing Director of Vmoto, was appointed to the Board of Optima as a non-executive director.

**AUTHORISED BY:**

**Blair Sergeant**  
*Managing Director*

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

**OPTIMA CORPORATION LIMITED**

ABN

**36 098 455 460**

Quarter ended ("current quarter")

**30 June 2006**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	390	2,119
1.2 Payments for (a) staff costs	(201)	(798)
(b) advertising and marketing	(78)	(702)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital (including inventories)	(688)	(2,444)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	14
1.5 Interest and other costs of finance paid	(11)	(23)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>(582)</b>	<b>(1,834)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(582)</b>	<b>(1,834)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	(68)
(d) physical non-current assets	-	(3)
(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 cash acquired on acquisition of subsidiary) <sup>1</sup>	(1,232)	(1,232)
<b>Net investing cash flows</b>	<b>(1,232)</b>	<b>(1,303)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,814)</b>	<b>(3,137)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc. <sup>2</sup>	776	1,193
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	500
1.18 Repayment of borrowings	(1)	(2)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>775</b>	<b>1,691</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,039)</b>	<b>(1,446)</b>
1.21 Cash at beginning of quarter/year to date	239	639
1.22 Exchange rate adjustments to item 1.21	(9)	(2)
<b>1.23 Cash at end of quarter</b>	<b>(809)</b>	<b>(809)</b>

<sup>1</sup>On 30 June 2006, the Company acquired 100% of the issued capital of Capital Pacific Pty Ltd.

<sup>2</sup>On 6 April 2006, the Company raised \$937,500 by the issue of 12,500,000 shares at 7.5 cents each.

**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	(113)
	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

Executive Directors' remuneration	(54)
Non-Executive Directors' remuneration	(38)
Payment to a director-related entity for secretarial & accounting services	(16)
Payment to a director-related entity for consultancy services	<u>(5)</u>
	<u>(113)</u>

**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

**On 30 June 2006, the Company issued 60,000,000 fully paid ordinary shares at a deemed issue price of 7.5 cents each to each of the vendors of Capital Pacific Pty Ltd ("Capital Pacific"), as consideration for the acquisition of the 100% interest in Capital Pacific. The consideration for this acquisition is not reflected in the consolidated statement of cash flows.**

- 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	2,100	2,100
3.2	Credit standby arrangements*	See below	1,720

\*The consolidated entity has access to debtors financing facilities. The total gross limit of these facilities is approximately \$800,000. This facility is drawn down in accordance with the level of qualifying trade receivables. The amount used under the facility was approximately \$120,000 at 30 June 2006.

In addition to these facilities, the consolidated entity has access to an overdraft facility and trade loan facility totalling \$1,600,000. The total amount of these facilities was drawn down at 30 June 2006.

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

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**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	454	239
4.2 Deposits at call	-	-
4.3 Bank overdraft	(1,263)	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>(809)</b>	<b>239</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Items 1.13 and 2.1)</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	<b>Capital Pacific Pty Ltd</b>	
5.2 Place of incorporation or registration	<b>Australia</b>	
5.3 Consideration for acquisition or disposal	<b>60,000,000 fully paid ordinary shares at a deemed issue price of 7.5 cents.</b>	
5.4 Total net assets	<b>(987,487)</b>	
5.5 Nature of business	<b>Marketing and distribution of motorcycles.</b>	

**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: **31 July 2006**  
**(Managing Director)**

Print name: **Blair Sergeant**

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+ See chapter 19 for defined terms.

## 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.