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NEWSLETTER

Pursuant to Listing Rule 15.2, please find following a newsletter, as despatched to shareholders.

Yours sincerely

**Blair Sergeant**  
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att



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## Shareholder Update

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### SPECIAL POINTS OF INTEREST:

- Record Sales for Optima in US.
- WEST signs Kalani Robb, Garret McNamara and Daniel Jones.
- Creatures exhibited for the first time at the ASR and Surf Expo Tradeshows.
- WEST and Creatures aim to open 250 and 350 locations respectively by year end.

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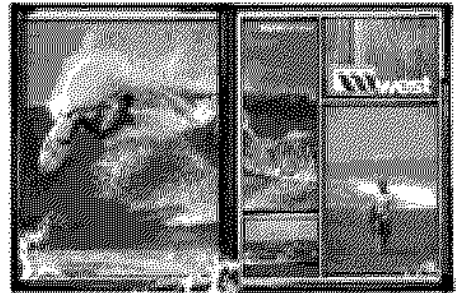
## Optima Achieves Record Sales in US

Optima Corporation Limited achieved another record month of sales in the United States in May, with WEST outselling their complementary Creatures products for the first time.

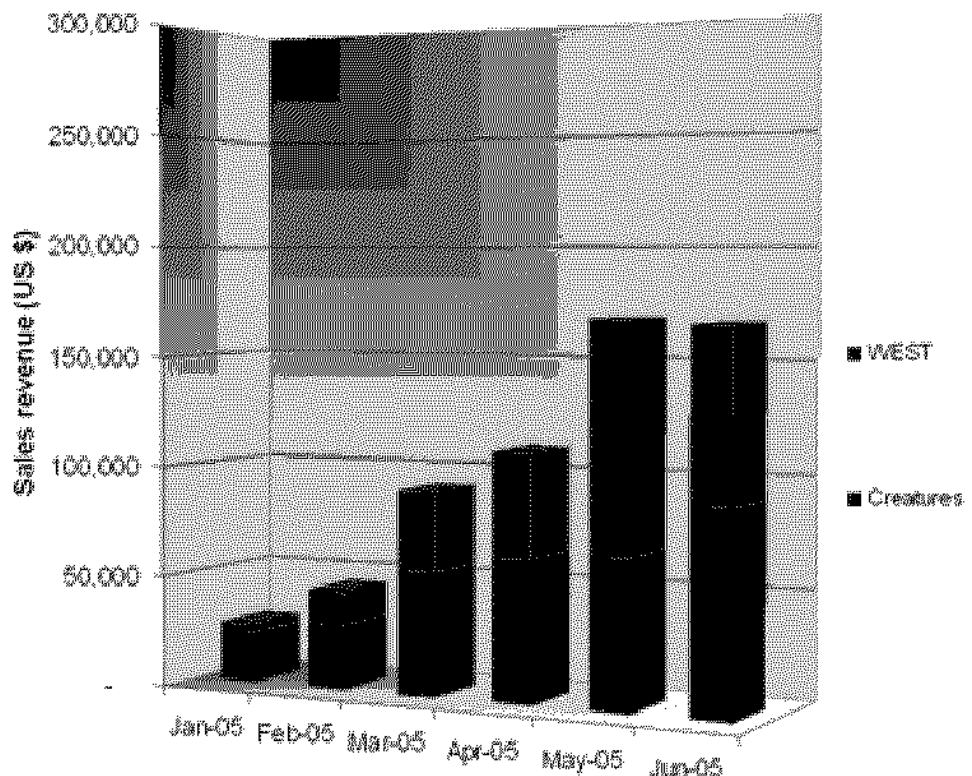
Sales of Optima's high profile WEST wetsuits and clothing broke through the monthly US\$100,000 threshold in May. Creatures of Leisure surfing accessories, also posted record monthly sales of over US\$89,000 in June. As demonstrated in the graph below, Creatures has posted increases in sales month on month since January. Although the level of total sales is still relatively mod-

est given the size of the massive USA market, continued growth in the top line proves that market acceptance for both brands remains on the rise.

The sales increases also reflect growth being sourced from "new" accounts being opened each month, as well as existing accounts placing re-orders. The latter is particularly important as selling to the retailer is only half the story. The ability to move product off the retailer's shelf is the ultimate measure of

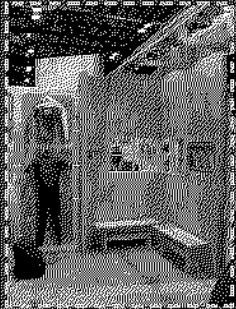


any brands' success. Management is highly encouraged by the strong improvement in response from USA consumers. Continuing sales growth is expected in the coming months as summer moves into full swing in the USA.



# WEST Signs High Profile Surfers

*"WEST and Creatures have both announced the signings of high profile surfers to their respective international surf teams."*



WEST has announced the signing of three talented Hawaiian surfers to represent the brand, adding to the growing international team.

Kalani Robb, Garret "G Mac" McNamara and Daniel Jones are the latest additions to the WEST team.

It's exciting to have Kalani, Daniel and Garrett join the WEST Team. Their combination of different styles and accomplishments together with the respect they have from their peers and the industry are powerful additions to WEST's growing and talented team.

Kalani Robb, who was ranked #15 on the World Championship Tour at the end of 2004, is again one of the North Shore's contenders for a world title this year.

Garret is the Tow-In-Surfing World Champion and Daniel Jones, the youngest member of the famed Jones Hawaiian surf family, was ranked #14 on the World Qualifying Series at the end of 2004.

The signings of these three high profile surfers complements the already impressive team roster including Layne Harrison, Warren Smith, William "Chino" Sue-A-



Quan, Luke Ditella, Sean Slater (brother of surfing legend Kelly Slater) and Carl Wallin.

Importantly, Kalani has only been featured in one WEST ad to date, so the market, for the most part, is still not aware of this high profile signing for WEST.

# Creatures Signs Ward and Reyes

The recent addition of USA based surfers Chris Ward and Timmy Reyes to the *Creatures of Leisure* international surf team has boosted the number of US based pro surfers on the team to six.

The signings coincide with both surfers recently qualifying for the World Championship Tour (WCT). Chris Ward is currently ranked #14 and Reyes # 42 after four events on the WCT.

The addition of these prominent surfers adds to the already impressive list of USA based high profile surfers on the team, including Roy Powers (ranked #7 in the World Qualifying Series (WQS)), Rob Machado, Pat O'Connell and Mike Todd (#31 in the WQS).

Sales of the *Creatures* surf accessory line continue to enjoy strong growth, with month on month increases being recorded since January 2005.

*Creatures* also exhibited for the first time at both ASR and Surf Expo tradeshows held in January 2005, contributing to the building of brand awareness in the USA.

The reputation of *Creatures* having one of the best surf accessory lines is backed up by the equally impressive list of international team riders including Taj Burrow (ranked #10 on the WCT), Mick Fanning (#5 on the WCT), Jake Paterson (#30), Luke Egan (#20) and Dave Rastovich.

Snapshots of the ASR Tradeshaw



# Appointment of New Director

In March 2005, Optima announced that the Company had appointed Jeff Pool as Sales Director for the WEST and *Creatures of Leisure* brands.

Jeff is a respected former sales manager for several leading USA footwear and clothing firms.

As North American Sales Manager for the Gravis and Analog brands, Jeff exceeded the brand's turnover targets, more than doubling Analog sales from

one season to the next. In this and other senior positions—with Atlas distribution, Element Skateboards (owned by Billabong), Sole Technology (Etnies Shoes) and Reef Brazil—Jeff has gained experience in hiring, organizing and revamping sales teams.

The appointment of Jeff to the Board of OPC complements the previous appointment of former suc-

cessful Quiksilver, Billabong, and Hurley executive, Mike Leshner and adds serious industry experience to the Board.



# 170 Doors and Counting

Both WEST and Creatures remain on track to achieve their respective targets of opening 250 and 350 locations ("doors") respectively by 31 December 2005.

As at 31 May, WEST have opened in excess of 150 doors and Creatures have opened approximately 170.

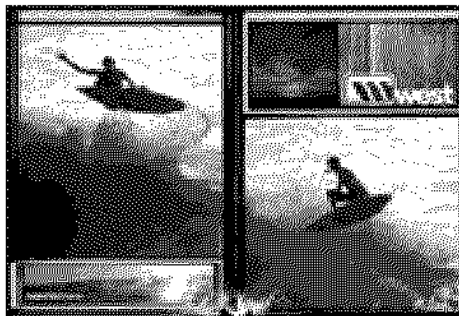
This is an extremely modest number of accounts given that there are over 2,000 specialty surf store doors, excluding retail chain stores such as Pac Sun (with an estimated 880 stores) that also sell surf apparel.

The number of doors achieved to date form a sound platform for continuing sales growth in the year ahead.

This distribution strategy calls for WEST and Creatures to be selective in the nature of the retail outlets where the brands are sold, with a particular focus on dealing exclusively with independent surf retailers.

The likes of Pac Sun are simply not part of the current distribution strategy for either brand. It should be noted that

Pac Sun accounts for close to 30% of the turnover of each of Billabong and Volcom so in years to come, a change in strategy could provide significant sales growth – when we are ready.

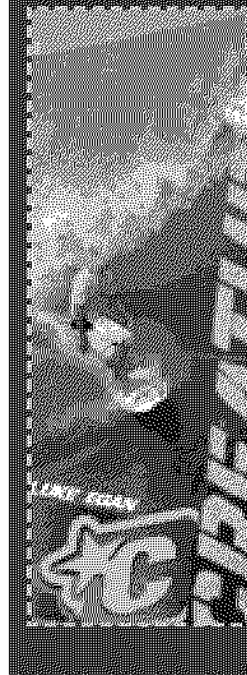


**"Both WEST and Creatures remain on target to open 250 and 350 locations respectively by December 2005."**

## Optima Will Launch New-Look Website

Optima is currently re-designing its Corporate website, which the Company hopes to launch in the coming months, together with WEST re-designing a fresh website. The website will feature images and information promoting the WEST and Creatures of Leisure brands, as well as Corporate Information and updates on the Company. In the meantime check out

[www.creatures.com.au](http://www.creatures.com.au)  
and  
[www.west82.com](http://www.west82.com).



## Wetsuit Sales Stronger than Expected

Members of the USA based management team are stoked with the ready acceptance of the initial styles of wetsuits introduced into the USA market with at least one style completely selling out within one month of arriving. They were also surprised at the extent of WEST's reputation as a wetsuit company, which was reflected in the sales. The record sales figures for WEST in May, reaching over US\$100,000, were in large part due

to the introduction of wetsuits as a new product line. Further shipments are scheduled for late June and July so continued strong growth in sales are expected pending the timely arrival of the wetsuit shipments.

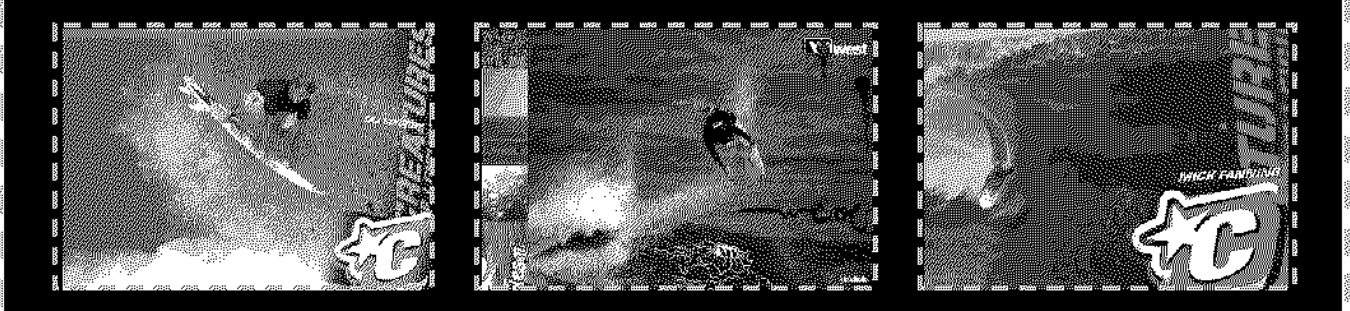
The initial results of wetsuit sales is particularly pleasing given the fact that WEST has run limited wetsuit based advertising and close to 80% of the total wetsuit line is yet to be introduced.



# What is Optima?

Optima Corporation Limited is an ASX-listed company, which owns the intellectual property, marketing and distribution rights in the USA for two key Australian surf brands, namely:

- West Surfing; and
- Creatures of Leisure.



## Brand History



- Founded in Perth, Western Australia by surfers Patrick Leahy and Roger Liley in 1982.
- Globally recognised as the manufacturer and distributor of lifetime guaranteed wetsuits and men's apparel.
- Currently has licensed operations in USA, Japan, Europe, Indonesia and NZ, with distributorships in Singapore, Malaysia and Taiwan.
- Heritage and history combined with reputation and credibility positions WEST to establish a reasonable degree of market share in USA.



- First established operations in Dunsborough, Western Australia 16 years ago by John Malloy.
- Has since emerged, through international licensing and manufacturing, as a global market leader in high quality surf accessories including deck grips, leashes and board bags.
- Regarded as having one of the most high profile surf teams in the world.
- Currently has licensed operations and distributorships in USA, UK, Europe, Japan, Peru, Portugal, Taiwan, Indonesia and Israel.

## Key "A" List Accounts Place Orders

Both WEST and Creatures continue to win the support of numerous "A" list surf retailers across the United States.

Iconic surf retailers such as Jack's, Huntington Surf & Sport, Surfride and Ron Jon's are placing orders with either WEST or Creatures or both brands.

*Its one of the most popular places in the world to lift a moist index finger and see which direction the surf-industry winds are blowing.*

Source: Transworld (Skate, Surf, Snow) Business Magazine.

The acceptance of these leading retailers of the WEST and Creatures labels is an encouraging reflection on the group's marketing strategy for the USA market.

The fact that our brands are on the shelves of these high profile retailers will raise consumer awareness of the new brands, and add to our confidence of continuing sales growth in the next twelve months.



Bobbie Abdulfatah with Jim Watson, CEO of WEST in the USA, standing alongside the newly installed WEST rack at Jack's in Huntington Beach.

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