

Protel International Limited Chairman's Address AGM 2000

Review of the year

Protel's first full year as a public company has been a great success. Prospectus forecasts were exceeded with excellent growth in both Revenue and Profitability. A number of successful acquisitions have been undertaken and the company has grown significantly in terms of both number of employees and market capitalisation.

Revenue growth

The past financial year saw Protel's revenue grow to \$33.9m this was up 57% on the previous financial year and 27% above the prospectus forecast

Profitability growth

An \$8 million profit after tax was achieved representing a 110% increase over the previous financial year, this figure also bettered prospectus forecasts by 15%. We believe these successful results were achieved through a combination of both increased sales and a broadening of the Protel Product line which included the newly acquired P-CAD and FPGA software.

Dividend

Due to the acquisition of Accel Technologies, Protel was unable to issue a half-year dividend, however, on the 29th September 2000 Protel was pleased to distribute a fully franked full year dividend payment of 6c per share. This dividend was 62% above the previous year and 9% above prospectus forecasts.

Franking

The board intends to continue its stated dividend policy of distributing 50% of after tax profits, however, due to the recoupment of losses made by Accel prior to our acquisition of that company, we find ourselves not having to pay tax in the US for some time. Whilst this is beneficial from a cash flow point of view, it does not however provide franking credits for dividends. Therefore whilst it is the directors intention to pay a dividend in the ensuing year, they will not however be able to provide franking credits.

Acquisitions

Past Financial Year

Accel Technologies, Inc.

In January 2000 Protel acquired Accel Technologies a well known US-based desktop EDA software developer for approx \$26m. The successful integration and restructure of Accel is now complete. Within 4 months of acquiring the Accel business, Protel had re-structured the sales model, redesigned the product offering and turned the loss-making business into a positive cashflow business. This acquisition has strategically positioned Protel to significantly increase its market share in the US.

Metamor, Inc.

In June 2000 Protel acquired Metamor Inc, in order to complete the necessary components of its first generation FPGA product line, enabling Protel to enter into the chip level design market. This market opens long-term opportunities for Protel to greatly extend and build on its core user base. Protel has already successfully launched its first FPGA product, with the more sophisticated and advanced FPGA version due out shortly.

Current Financial Year

ICS

On the 4th August Protel acquired Innovative CAD Software (ICS), providing Protel with an array of CAM products and technologies. The functionality and features offered by CAMtastic![™] are highly complementary to Protel's existing product lines. CAM technology is used to prepare a design for fabrication and allows the designer to exert a high degree of control over manufacturing data. We will integrate the CAM technology into the Protel, P-CAD and CircuitMaker product lines whilst also maintaining a focus on the further development of stand-alone CAM tools. This acquisition brings Protel a step closer to fulfilling one of its primary aims of being able to meet every element of our customers' design requirements. In line with our prospectus objectives, we continue to actively pursue our acquisition program.

OUTLOOK

FINANCIAL OUTLOOK

We see the outlook for this financial year as very positive with the established growth trend set over the last three to four years, expected to continue.

Factors Contributing to Growth

? Protel's first quarter performance has been strong and we are confident that we will finish the calendar year 2000 on target.

? Recently released industry data (EDA Consortium) indicates strong growth in the EDA market, particularly in Protel's primary PCB market.

? The EDA Consortium reported total EDA revenues increased by 14% for the 2nd quarter of year 2000 on a year to year basis.

? The fastest growing category for the sixth consecutive quarter was design tools for PCB –boards.

? The windows based segment of the market for the first half of the year 2000 has grown from 14% to 16%. This growth is in line with the success of windows 2000 as announced by Microsoft.

Ladies and Gentlemen that concludes my address.