

Altium Limited ASX Announcement



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Corporate Communications Contact

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Chairman's address, AGM 2003

Introduction

Good afternoon and welcome to Altium's 2003 annual general meeting. Today I will be presenting a review of Altium's progress and performance in the 2003 financial year and the events since that date. I will begin by discussing our financial performance.

2003 financial performance

In the 2002/03 financial year we achieved total revenue of \$46.75m, and a total after tax loss of \$7.0m. This loss was largely as a result of two non-cash adjustments to the accounts – a \$3.9m reduction in the carrying value of deferred tax assets, and an unrealised exchange rate loss of \$2.1m. Despite this accounting loss, Altium demonstrated a solid operating performance; cash flows from operations were \$9.4m and our cash position increased from \$6.2m to \$7.3m over the year.

In light of our strong cash position, the Board commenced an ongoing share buy-back scheme in which we have spent \$882,923 to buy back 1,759,365 Altium shares. The Board also declared and paid a dividend of 2 cents per share.

While our financial performance was adversely affected by the rising Australian dollar, sales growth was evident in the local currencies of all major direct global markets. We take comfort from these results and the continuation of this trend in the first quarter of this financial year. During the current financial year, Altium intends to continue its current policy of reporting results to the market on a quarterly basis.

Despite strong performances from our direct channels, we noted some weakness from our indirect channels, particularly China. Recently management has moved to address this with the establishment of a direct presence which will take advantage of the opportunities for growth in this region. We expect that this venture will build on our strong brand recognition in China and further develop the market.

Product delivery program

I would now like to discuss Altium's longer-term strategic position. Since our Initial Public Offering in 1999, we have spent the last four years working towards our vision of making electronics design easier and more affordable for every engineer. We made a number of strategic corporate and technology acquisitions to make sure we had all the pieces of the puzzle, and invested heavily in Research and Development to integrate and build upon the technologies. Now we are at the stage where our investments are nearing fruition and we are looking to the future.

Over the coming months will we release new versions of the entire Altium product range, delivered on a dramatically updated technology platform that has been the principle focus of our development efforts and technology acquisitions.

And, we'll be delivering a revolutionary new product called Nexar. Nexar is the industry's first product to provide a complete and vendor-independent system-on-FPGA development platform that is accessible to mainstream engineers. We expect Nexar to open up new segments of the market and to lay the foundations for Altium's future growth.

Using an entirely unique and interactive design methodology which we call LiveDesign, Nexar will enable engineers to use familiar methodologies to effectively 'shrink' electronic circuits and fit them into a programmable chip instead of a printed circuit board. The radically different approach that this product introduces has the potential to redefine how mainstream electronics design is done and to significantly improve Altium's competitive position. Nexar is currently in a beta testing phase and we look forward to its final release in the first quarter of 2004.

Proposed option plans

I would also like to mention our proposed option plans, which are among the items put for vote at this AGM. The Board believes that Altium's future success is dependent on the continued service of its employees and executives and has identified retention and motivation of employees and executives over the short to medium term as a critical issue. We have considered the alternative means of creating incentives for staff and management, given the nature of the technology industry that we are in and our global operations. These options are to be issued to individual employees based on performance criteria. The Board feels strongly that this proposal is an appropriate strategy to ensure management of one of our most important resources.

It has been decided that the first batch of options under the plans would be issued at a 50% premium to market price in order to provide strong incentives.

Corporate governance

Lastly, I wanted to address the important and topical issue of corporate governance. The Board is very aware of its responsibilities in respect of corporate governance. Over the past year we have been reviewing corporate governance procedures in light of the new recommendations from the ASX Corporate Governance Council, and increased our compliance by appointing a nomination committee, amending the composition of the audit committee, and appointing another non-executive director to the Board. We are pleased to report that we will be in full compliance with these guidelines by the end of the current financial year.

C.J. Rooke, Chairman, Altium Limited

About Altium Limited

Altium Limited (ASX: ALU) is a leading global developer and supplier of electronics design software for the Microsoft Windows environment. Since the company's foundation in 1985 and its release of the world's first Microsoft Windows-based printed circuit board design tool in 1991, Altium has continued to apply the most advanced software development methods to provide powerful, easy-to-use and affordable design tools to electronics engineers, designers, and developers worldwide.

Altium's products cover a range of hardware and software electronics design processes, and the current brands include nVisage, Protel, P-CAD, TASKING, CircuitMaker and CAMtastic.

Altium is headquartered in Sydney, Australia, and operates a number of sales and support offices in Australia, the United States, Japan and Europe, as well as maintaining a large reseller network in all other major markets. Prior to August 6, 2001, Altium Limited traded as Protel International Limited (ASX: PRI). More information about the company and its products and services may be obtained from our website at www.altium.com.

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