

Altium Limited ASX Announcement



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Corporate Communications Contact

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Chairman's address, AGM 2004

Introduction

Good afternoon and welcome to Altium's 2004 annual general meeting. In preparing my review of the Company's performance for 2004, I drew reference to our original strategy outlined in the prospectus. It was stated that we had identified the need to develop a set of technologies that fully supported FPGA design, and which delivered new technologies accessible to the majority of Electronics Engineers on a worldwide basis.

In February 2004, we achieved this strategic aim with the release of Nexar. This is a breakthrough product that encapsulates the technology direction set out in our strategic plan. Nexar includes a development technology we call "Live Design" which has great potential to lower the cost and time taken to develop electronic systems.

It is important to recognise this is the culmination of a 5 year journey that included the acquisition of technology, and of in-house research and development. We have demonstrated the ability and discipline to achieve technological results well ahead of our competitors. The management of this process over the past 5 years has severely tested the Board and the Executive Management of the Company. We have avoided the temptation to release products early. We have employed new engineers and continued to make the necessary technology acquisitions even as market conditions deteriorated.

Our resolve to complete this journey has now resulted in the Company being in a strong strategic position to capitalise on the potential the current wave of change in the industry is creating. These new technologies will also allow us to help our existing customers leverage these new developments in the electronics industry.

We have recognised the opportunities of this new technology to gain access to markets not previously available to us. We are investing in further training for our sales and support staff worldwide to target these corporate-level sales.

The world's largest producer of FPGA's, Xilinx, has stated that it expects growth in sales of FPGA devices from 2004 to 2007 to be in excess of 75% over that period. The technology we have developed enables us to enter this market and participate in its development. The challenge for us over the next three to five years is to convert our technology and products into significant revenue growth for the company.

Financial Performance

In the 2003/2004 financial year we achieved revenue of \$40.5 million. In Australian Dollars this represented a drop on the previous year, but in local currencies, sales were in line with the previous year. As expected, the release of Nexar in the latter half of the year did not have a great influence on the sales results to June 2004.

Our earnings before Income Tax, Depreciation and Amortisation was \$5 million with a positive operating cash flow of \$1.9 million. The cash position at 30 June was \$3.6 million. This has further improved to \$4.4 million at the end of October.

The cash flow model presented keeps the Board well informed and ensures focus on the careful management of resources to preserve operating cash flows.

As set out in the Annual Report, the Board adopted a change in accounting policy in respect to assessing the recoverable value of non-current assets, such as goodwill. The change was adopted to bring the policy more in line with soon to be introduced new international accounting standards and resulted in a one-off charge to goodwill of \$83.3 million.

During the year our reported revenue was affected by foreign currency movements. The Board is aware of an exposure to currency movements especially to the US dollar, which comprises approximately 40% of our sales.

Changes to the Constitution

A brief comment on the purpose of the Special Resolution on today's agenda. The amendments to the Company's Constitution have been proposed to reflect the July 2001 changes to the Corporations Act. The full details of the amendments are contained in the Notice of Meeting.

Corporate Governance

During the year the Board completed a review of our Corporate Governance and am pleased to report they are consistent with the relevant guidelines of the ASX Corporate Governance Council.

Future

Whilst our long-term focus remains on building the business and capitalising on the technology we have developed, we are also committed to returning to profitability in the short term. As stated in our announcement to the market at the end of September, we expect to be profitable for the 2005 annual result and are on track to achieve this objective.

I would like to thank shareholders for their continued support. We also extend our thanks to the over 250 Altium team members worldwide, whose continued hard work and dedication have sustained our position as a global leader in innovative mainstream solutions for electronics design.

C.J. Rooke, Chairman, Altium Limited

About Altium Limited

Altium Limited (ASX: ALU) is a global developer and supplier of electronics design software for the Microsoft Windows environment. Founded in 1985, Altium released the world's first Microsoft Windows-based printed circuit board design tool in 1991 and continues to provide advanced, easy-to-use and affordable software design tools to electronics engineers, designers, and developers worldwide. Altium's products offer tailored solutions covering a range of hardware and software design processes including the Nexar, Protel, P-CAD and TASKING brands. Altium is headquartered in Sydney, Australia and has sales and support offices in Australia, the United States, Japan, Europe and China. More information is available at www.altium.com.

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