

Chairman's Address **Altium Annual General Meeting, 12 November 2010**

Sydney, Australia – 11 November 2010 – The following remarks will be made by Sam Weiss, Chairman of the Board of Altium Limited, at the company's AGM scheduled to be held on Friday 12 November 2010:

In the last 12 months, we have accelerated our move from helping companies to build stand-alone electronic devices, towards helping the process of building ecosystems of devices.

As we have often said over the last few years, we see this as the future of electronic products, and the natural convergence of the social network phenomenon, the so-called Web 2.0, and the evolution of smart, connected devices and machines.

This represents the move from today's era of "human social networking" towards tomorrow's era of "device social networking".

The next generation of the Internet that this represents is something that we will be sharing in more detail as its implementation unfolds over the coming months. Our recent acquisition of Morfik is the latest stage in our strategy to take advantage of the opportunity this represents and is a significant acceleration towards the realization of this goal.

When ready, this will let electronics designers and organizations build their own ecosystems of intelligent, connected devices, running their own cloud-based applications. These "device ecosystems" will provide the next generation of experiences for their customers.

The Internet means that stand-alone devices will find it increasingly difficult to compete against ecosystems of connected devices. Device ecosystems provide a platform for delivery of new experiences and services that are impossible to match with stand-alone devices.

Companies that work this out will connect their products to the Internet and win more business than their competitors because their products will be more useful and more widely used, have a longer product life, and be seen by customers as offering more value.

Perhaps more importantly, these products will enable the creation of direct relationships between the end user and the device manufacturer, between customers and companies,

relationships that can form the basis for delivery of value-added services and repeat business over the long term.

This combination of the intelligence in a product, the connectivity of products, and the ability to design for this future in a way that is simple, accessible and enjoyable will lead to new products being designed, new innovations being adopted, and a better future.

This next step towards helping the “Internet of things” happen must be seen as challenging and disruptive. But the connected world I’ve already described *is* going to happen. The fundamental question we have to answer is the degree to which we plan to play an active part.

The answer to that question is that our organization will continue to renew our products and processes, and continue to pursue this connected future of “device ecosystems”.

Some comments on our financial results

Our financial results are detailed in the annual financial report, so I only want to make some brief observations in order to clarify our views on some specific issues.

Last financial year saw us continue to withstand tough economic conditions in all our regions. Our results show that businesses remain cautious and that investment in something as discretionary as software can still be easily deferred.

All regions, with the exception of China, showed sales growth in the second half of the year. We believe that the slow-down in China reflects a decline in the effectiveness of licence compliance approach, something that we will be moving away from over the next 12 months. It has become clearer that we won’t be able to do justice to this using the traditional approach of selling perpetual licences for software products.

Overall though we have a very positive view about our future in China. This is driven by the combination of our deep presence in the Chinese electronics design industry, along with the reality that a large part of the world’s electronics are manufactured in China.

We see this as a tremendous opportunity that will not be fully realized until we can help Chinese companies construct the device ecosystems that will enable them to strongly establish their own products and brands beyond the current position of low-cost, high-quality manufacturing.

The loss of US\$10.4 million contains some significant adjustments required by accounting standards but which do not reflect real cash flows including notably, non-cash accounting adjustment to tax assets of US\$5.9 million, and \$4.4 million for amortization of intangibles.

In the last 12 months we have continued to manage our costs tightly, in line with the continuing economic uncertainty, while structuring the business in way that matches the reality of today's difficult economic conditions. Most importantly we continue to push hard on the product development side as we bring together the technologies required to make the next generation of the worldwide web a reality.

We're keen to have shareholders who support this objective and who understand and are comfortable with the long-term approach that is required to make this happen.

It is our belief that if we are successful in this endeavour, long-term growth and profitability will be the natural outcome.

ENDS

Corporate Communications Contact:

Alan Smith
Altium Limited
+61 2 8622 8109 or 0404 432 700
alan.smith@altium.com

About Altium

Altium Limited (ASX:ALU) provides next-generation electronics design solutions that break down the barriers to innovation. Altium's solutions are unique because they unify the separate processes of electronics design, all within a single electronics design environment, working off a single data model, linking all aspects of electronics product design into one process. This unified design environment helps electronics designers easily harness the latest devices and technologies, manage their projects across broad design 'ecosystems', and create connected, intelligent designs.

Founded in 1985, Altium has headquarters in Sydney, sales offices in the United States, Europe, China, and resellers in all other major markets. For more information, visit www.altium.com.

Altium, Altium Designer, LiveDesign and Morfik, and their respective logos, are trademarks or registered trademarks of Altium Limited, or its subsidiaries. All other registered or unregistered trademarks mentioned in this release are the property of their respective owners, and no trademark rights to the same are claimed.