

Altium

REPORT CARD

FINANCIAL YEAR 07-08

	A+	
Strong Vision	A	
Technology Base	A	Now needs to prove itself.
New Leadership Team	B+	Keep pushing the boundaries of next generation design.
Product Range	B	Building well but needs more work.
Sales & Distribution Organization	D	Requires <u>immediate</u> turn-around!
Financial Performance	A+	
Serious Blue-Sky Potential		

**Next Generation
Electronics Design Solutions**

2008: THE YEAR IN REVIEW

To the Shareholders of Altium Limited:

The vision we have articulated to both customers and shareholders alike, and worked towards for many years, is to redefine electronics design and make this available to every professional electronics designer throughout the world. We do this through the development of technology that can be exploited by these designers to help them design and build their next generation of electronic products.

We know that our technology and products have reached the stage where they can and do deliver dramatic improvements to those who harness their potential. We have many customers who have shared their success stories with us and are living examples of this. But translation of our success in technology and product development to financial returns to those who have invested in this vision is still very much a work in progress.

As you can see from the table below, sales results for the last four years confirm strong growth and indicate that we are getting traction with our solutions. Although I see this as a very positive trend, I don't believe that we have, as yet, seen the breakthrough performance that we believe is latent in the opportunity in front of us. To realize the potential of this opportunity requires us to build Altium into an organization that can deliver on both the technology and financial fronts.

Over the last 12 months, the most important investment we have made has been the building of our leadership team, at both the corporate and the regional level. Recruiting the right players for the team that must deliver on our vision has been a real challenge for us and has taken significantly more time than expected. Although structural change of this nature is unlikely to produce an overnight state change in results, it is a key foundation for the long-term future of the organization.

I believe that the team that we have put together has the right balance of talent, expertise, experience and drive required to take Altium to the next level as a world-class software company. Financially however, the investment in building the organization, combined with sales growth that did not meet expectations, has left us with an after-tax loss for the year which has been something of a setback. This is something that we view as a timing effect and an indication that we may have stepped a bit ahead of ourselves in our determination to ready the organization for the future.

Although we are not planning on making the same scale of investment this financial year, we will make sure that the disappointment of the short-term results does not hold us back from continuing to build towards the real prize.

This year we will be focusing on getting our new teams up to speed, building the capabilities of the organization and on continuing to generate the kind of sales growth we have been seeing over the last few years.

We expect the combination of continuing growth of sales and a modest increase in costs for this year will bring us strong profitability and cash-flow in FY 08-09. Even though we are working towards a similar sales growth this year as last, and even though we expect to produce a healthy return to profitability, this shouldn't be seen as the bigger objective. Rather, this is simply the next step for Altium today.

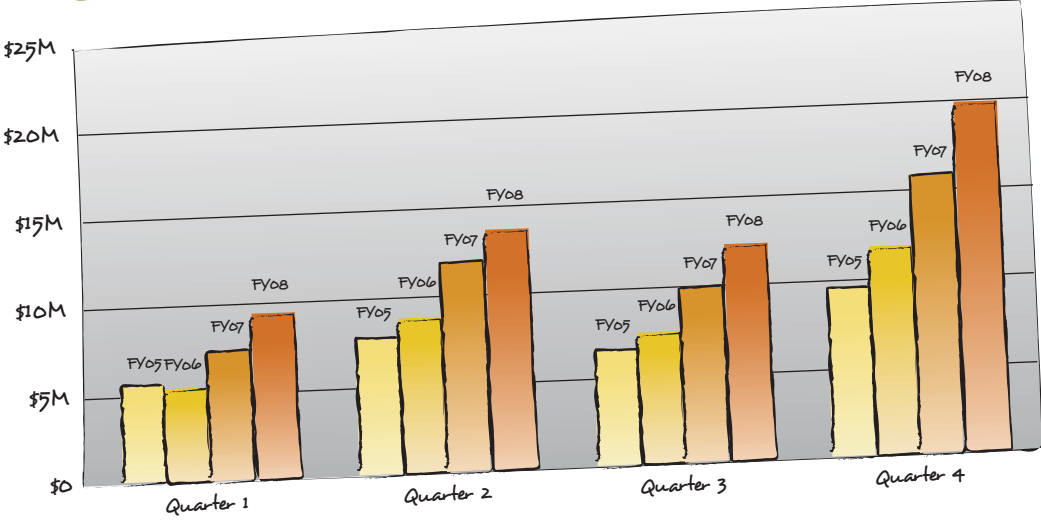
We will get ourselves back to strong profitability this financial year, and this will allow us to generate a good short-term return on your investment. This is likely to appear insignificant when compared to the breakthrough financial performance that will result if our new approach to designing electronic devices achieves wide acceptance in the mainstream market.

Nick Martin

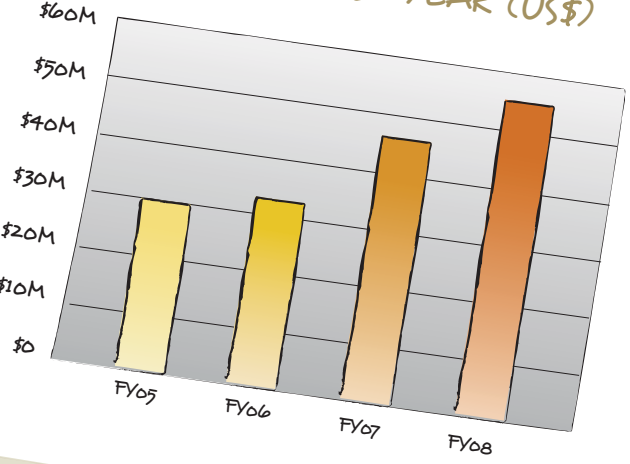


CEO

ALTUM LIMITED SALES COMPARISON BY QUARTER (US\$)



ALTUM LIMITED SALES COMPARISON BY YEAR (US\$)



FULL YEAR RESULTS HIGHLIGHTS

- Revenue growth of 25%, to US\$53.1 million
- Sales growth of 22%, to US\$55.8 million
- Earnings before interest, tax, depreciation and amortization of US\$576,000
- ~~Net loss after tax of US\$2.8 million~~
- Software license revenue growth of 15%, to US\$34.7 million
- Maintenance/Software Assurance contract revenue growth of 51%, to US\$14.4 million
- China delivered sales growth of 75%

←
This needs
to change!

Altium YOUR GLOBAL TEAM



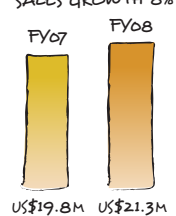
GERRY GAFFNEY

SENIOR VICE PRESIDENT &
GENERAL MANAGER - AMERICAS

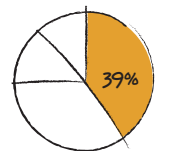
Joined Altium December 2007. Over 20 years' experience in sales and regional management worldwide at Cadence Design Systems and EDS.

"The Americas give Altium a very exciting mid term growth opportunity. Electronics engineers are faced with the crosswinds of globalization, the challenges of pricing commoditization, and the need to sustain differentiated value within chosen markets. Altium has unique solutions that answer these challenges from concept to manufacture, that break through yesterday's tired, silo alternatives. New distribution channels and partner relationships, such as web-distributor Digi-Key, provide a solid foundation for sales growth."

AMERICAS SALES GROWTH 8%



% OF GLOBAL SALES



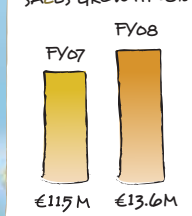
FRANK HOSCHAR

VICE PRESIDENT -
SALES & SUPPORT, EMEA

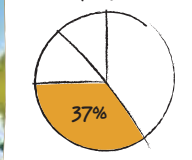
Joined Altium in 2002. Over 20 years' management experience in electronics, IT, and marketing. Created Hoschar AG and became the leading distributor of electronics design tools in Germany. Acquired by Altium in 2002.

"Europe is experiencing a strong increase in the use of embedded electronic systems in markets such as automotive electronics, communications and industrial electronics. With new competitors and high labor costs, companies are demanding new ways to be innovative and stay competitive. Against this background, what makes us confident about getting closer to breakthrough in Europe are our reputation, customer base, our reach into a fragmented Europe with a dense and growing network of channel partners, and the rapid transformation of emerging Eastern European markets."

EMEA SALES GROWTH 18%



% OF GLOBAL SALES



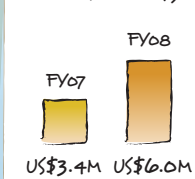
JAY CAO

REGIONAL DIRECTOR - CHINA

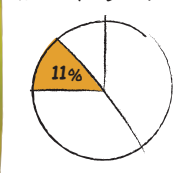
Joined Altium in November 2007. Over 15 years' sales and general management experience at Oracle, Hyperion, SAS and Tycos.

"The Chinese government's innovation initiative to help China move from a position of 'made in China' to 'designed in China' provides Altium with a big opportunity. With the Chinese government's move to support IP, it opens the door for Altium to generate large revenues by legalizing the massive amount of pirated Altium software in use in China. Our Investment in Innovation Program provides a bundled solution to Chinese engineers to help them move to our new solutions, legally. Together with our aggressive Academic Program, we aim to have 80% of China's engineering schools teaching Altium Designers in four years' time."

CHINA SALES GROWTH 75%



% OF GLOBAL SALES



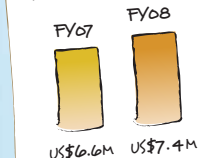
SATOSHI YAMADA

REGIONAL DIRECTOR - JAPAN

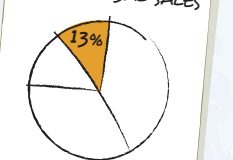
Joined Altium in April 2008. Over 20 years' experience in direct and indirect sales and general management, at 3D Systems, Watchfire Japan (now IBM), Staffware Japan, Avid Japan.

"We've made balanced investments in Japan, focusing on partnering with a number of new master distributors, which will dramatically change our sales landscape. Our sales coverage across all market segments increases. Our ability to generate and sell to prospects goes up. Our ability to sell larger deals to large customers increases, as does our ability to attract those customer references which are so important in Japan."

ASIA PACIFIC (Excludes China) SALES GROWTH 12%



% OF GLOBAL SALES



ALAN PERKINS

CHIEF INFORMATION OFFICER

Joined Altium in January 2001. Recently returned from an 18 month sabbatical where he developed systems for companies including Qantas. Over 20 years' experience in systems integration and architecture

"Our innovative approach to systems and infrastructure means our processes align with the evolving needs of the business. As the market increasingly embraces our unified design methodology, we have the infrastructure in place to meet our growth opportunities."



NICK MARTIN

CHIEF EXECUTIVE OFFICER &
CHIEF TECHNOLOGY OFFICER

In addition to his CEO responsibilities, Nick Martin continues as Chief Technology Officer to lead the technology software and hardware development teams.

"Over the last 12 months, the most important investment we have made has been the building of our leadership team, at both the corporate and the regional level. Recruiting the right players for the team that must deliver on our vision has been a real challenge but we now believe that we have a team in place that can really do justice to the potential we have created in our technology and products."



KAYVAN OBOUDIYAT

EXECUTIVE VICE CHAIRMAN

Kayvan has been a director since 1997. Originally Kayvan was appointed Managing Director, becoming Chief Executive Officer in 1999 and Joint Chief Executive Officer in 2001. Kayvan has served in his current role of Executive Vice Chairman since 2005. Kayvan plays a key role in driving the group's acquisition strategy and the development of new business opportunities. Prior to joining the group, Kayvan spent 11 years with Telstra, including three years as a senior executive in the International Business Unit.

"Altium has an unmatched technological advantage in the electronics design space. The challenge for the executive team is to focus on our vision and execute on strategies that will empower Altium to deliver on its promise of 'Profitability and Proliferation'."



RICHARD LEON

CHIEF FINANCIAL OFFICER

Joined Altium in September 2008. Over 10 years' experience in financial, general and administrative management regionally and worldwide at IBM and MRO Software.

"Financial management at Altium now becomes a strategic partnership with all our partners, both internal and external. New reporting systems will enhance our services to our colleagues who manage our business, and provide the necessary scalability for our growth. Like our solution, financial management at Altium will now become 'unified' with the business."



ANAND SHANKARAN

CHIEF PEOPLE OFFICER

Joined Altium in July 2007. Over 20 years' experience in HR and general management regionally at Hewlett-Packard and Apple.

"We are a worldwide company creating worldwide solutions and value, and we attract some of the best talent in the world. We continue to focus on attracting highly talented individuals through reward, retention and development programs. At the same time, we are investing in leadership development, and talent management in all regions to develop the next generation of leaders from within the organization."



ANDRÉ PRAVAZ

EXECUTIVE VICE PRESIDENT -
WORLDWIDE FIELD OPERATIONS

Joined Altium Board as Non-Executive Board Director in January 2007. Appointed Executive Vice President, Worldwide Field Operations in July 2008. Over 20 years' sales management experience worldwide at Autodesk, Digital Equipment Corporation, Silicon Graphics and ASK Computer Systems.

"Altium has always had a great technical culture which has allowed us to develop and deliver world-class products. Our job now is to complement this culture with a superior sales organization able to deliver consistent and accountable financial results. The investments over the last 12 months in our new leadership team and field sales business put us in a strong position to deliver on this strategy."



EMMA LO RUSSO

PRESIDENT

Joined Altium in 2004. Over 18 years' experience in marketing and general management, including at Macquarie Bank & MBF.

"The product and people foundations are strong and provide us with the power we need to generate industry change. Focus is now on the breakthrough initiatives which will come from the promotion of our Innovation Station into new markets, harnessing the web and digital media, signing new distributors, and leading the charge into new and emerging markets. We are excited about chasing our goal of having Altium Designer on the desk of every electronics designer."