Altium™

Annual report 2003

ALTIUM LIMITED

ACN 009 568 772

Our vision

"Historically, the most advanced, state-of-the-art design tools have been prohibitively priced, with access being limited to engineers based within the few companies that could afford them. The Altium vision – unchanged since the company's inception – is to break down these barriers to innovation and technological advancement and provide every engineer and system designer with easy access to the best possible design tools. This is the driving force behind why our company was founded and is still the vision that guides our strategies today and into the future."

Nick Martin,
Founder and Joint CEO,
Altium Limited

Making Electronics Design Easier™

When we speak of 'making electronics design easier', just what does this mean? It means providing our engineering customers and their companies with an easier way forward that will enable them to develop their ideas into products faster in an increasingly demanding and competitive environment. Our software design tools are used by engineers to develop the next generation of electronic devices we use in our everyday lives.

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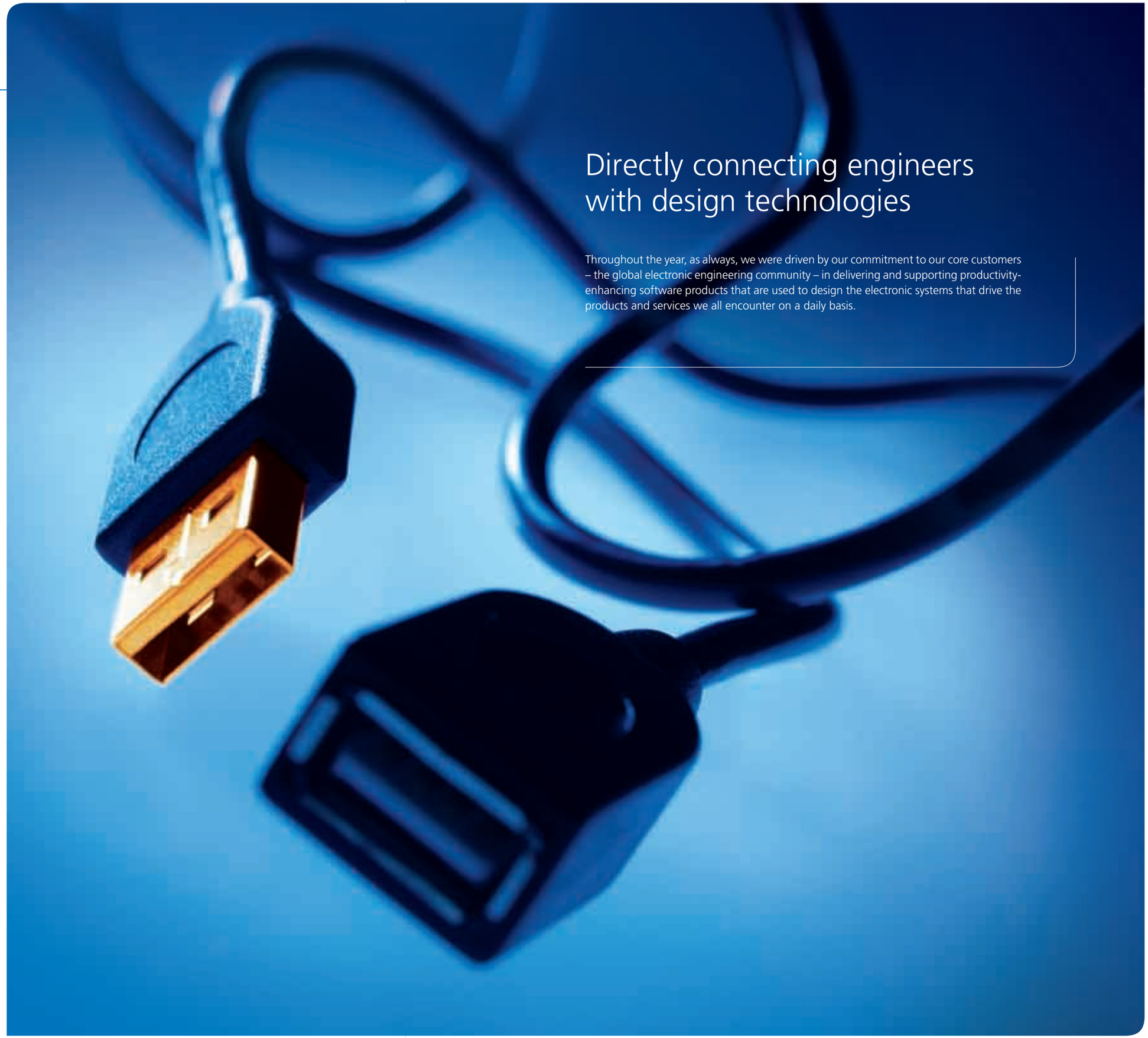
Making Electronics Design Easier™

An Australian company with a global reach

Altium in 2003

Altium Limited 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, and CAMtastic.



Directly connecting engineers with design technologies

Throughout the year, as always, we were driven by our commitment to our core customers – the global electronic engineering community – in delivering and supporting productivity-enhancing software products that are used to design the electronic systems that drive the products and services we all encounter on a daily basis.

Chairman's review

As Chairman of the Altium Limited Board of Directors it is my pleasure to present you with our annual report for the 2002/03 financial year.

This past year was yet another defined by challenging conditions. Marked by a continuation of weakness in the global IT economy, it also brought unfavourable exchange rate movements.

Altium, however, continued to demonstrate resilience in the face of this extreme volatility. Our scalable business model, class-leading product brands and diverse global customer base have allowed us to steadily navigate the uncertain conditions and aggressively press ahead with our research and development program. This enabled us to release a significant number of new products and upgrades throughout the year, and to remain on course with technology and product development for the future.

In the 2002/03 financial year we achieved total revenue of $46.75m, in line with our previous guidance. However, 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 – Altium reported a total after tax loss for the year of $7.0m. 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 this, the Board resolved to pay a dividend of 2 cents per share from retained earnings.

While Altium's revenue result was adversely affected by the rising Australian dollar during the period, sales growth was evident in all major global markets when the underlying figures were examined. This reflects the robustness of the Altium business model and increases our confidence for a stable 2003/04 financial year.

Although our results reflect that we did not emerge from this financial year untouched by the continued global economic downturn, our business fundamentals and competitive position remain strong. Our products are in strong demand from engineers designing the next generation of electronic devices that we use in our everyday lives. We are confident that the investment we have made over the past year will allow Altium to benefit from the effects of continuing consolidation in the world Electronic Design Automation (EDA) market, and to gain growth in new segments over the coming years. Our focus, as always, will remain on delivering productivity-enhancing design tools to our customers and delivering return on investment over the long term to our shareholders.

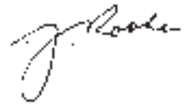
Over the past year Altium continued its focus on the careful management of resources to preserve operating cash flows and protect assets. Significant investments into developing technology for the future, which are especially important during periods of economic uncertainty, will result in the release of products based on our new 'Board-on-Chip' technology in the current year. Beginning in March 2003 we began a 12-month on-market share buy-back to use surplus cash flows and provide a return of capital to shareholders.

Our managers and staff continued their ongoing efforts to refine business operations, resulting in streamlined processes that ensure our ability to weather adverse conditions while maintaining a solid framework for sustained growth.

"Our products are in strong demand from engineers designing the next generation of electronic devices that we use in our everyday lives"

We would again like to welcome Dr Steven Duvall, who joined us during the period as an independent director. With extensive experience in the global electronics industry and more than 18 years at Intel Corporation, Steven has proven to be an invaluable addition to Altium's Board.

On behalf of the Board I would like to thank our shareholders for their continued loyalty. Our thanks also go to all of our employees around the world; it is through their continuous hard work and dedication that we have sustained our leading position in the global mainstream EDA market.



Carl J Rooke
Chairman

Message from our Joint CEOs

Over the past few years there has been a growing convergence of different technologies being used in electronics designs in order to cope with the increasing time pressures and system integration challenges faced by engineers. Engineers continue to struggle with what has, to date, been a fragmented industry response to these needs. However, this increasing complexity of design flows provides Altium with a prime opportunity to respond with new design methodologies and more automated, 'intelligent' tools that directly address the significant product realisation obstacles now confronting mainstream electronics engineers.

One of the new technologies emerging to cater to the design pressures of mainstream engineers are low-cost, high-performance 'programmable chips' or Field-Programmable Gate Arrays (FPGAs). FPGAs provide engineers with a way of implementing entire electronic systems on a single, programmable chip which is a very efficient way of producing smaller, faster, and more feature-rich products. In recent years advances in technology have seen rapid increases in speed and drastic reductions in the price of FPGAs. This has made FPGAs an increasingly viable option for use in mainstream electronics designs. However, the main barrier to the utilisation of FPGAs as a system platform by mainstream engineers is the lack of suitable design tools, both in terms of price and usability. To put it simply, there just aren't any 'off-the-shelf' solutions available.

Since the listing of the company in 1999 we have been working to develop, acquire and integrate the technologies needed for a complete digital electronics design system that harnesses the emerging power and cost effectiveness of FPGAs. The development of this industry-first technology is now nearing completion. In May of 2003 we publicly previewed the new technology for the first time at the Xilinx Programmable World industry forums held in the US, Europe, and Japan. Our confidence in this new technology was reconfirmed by the positive response we received. We expect to be able to deliver significant portions of this new technology to customers within the first half of this financial year. This will place us well ahead of the industry competition in this area while serving to significantly grow our market by expanding our product reach across the broader electronics industry.

Within the Electronic Design Automation (EDA) industry we believe we are uniquely positioned to capitalise on this emerging opportunity. Altium is the only company focused exclusively on serving the mainstream engineer. In addition, we have an unmatched portfolio of acquired and internally developed design technologies, as well as a scalable business model that can quickly adapt to the changing needs of mainstream customers.

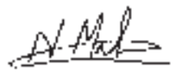
It's our fundamental and unchanging commitment to making state-of-the-art design technology accessible to every engineer that has driven us since the company's inception. In the coming year, Altium will again dramatically demonstrate how this vision translates directly into 'first-in-category' design products for the mainstream electronics engineer. We will provide our customers and their companies with a way forward that will enable them to develop better products faster in an increasingly demanding competitive environment. This commitment is central to delivering sustainable growth for investors.

"The increasing complexity of design flows provides a prime opportunity for Altium to respond with new design methodologies and more automated, 'intelligent' tools that are easier to use"

A recent industry survey* also provided clear evidence of the success of our strategy of making technology accessible to the greatest possible number of engineers. The survey found the most important tool selection criterion indicated by engineers was the price of EDA tools, followed by the quality of customer support. Gratifyingly, Altium was rated first in the competitive prices category – a clear reflection of our commitment to value for money – and second for the "best after-sales support". In category after category, Altium ranked with or above the large companies who have traditionally dominated the EDA category. With the new products planned for 2003/04 we will further our successful strategies throughout the coming year and make electronics design easier for every engineer.

We wish to thank all of Altium's stakeholders in this enterprise – team members, partners, customers and you, our shareholders – for your ongoing support.

Kayvan Oboudiyat
Joint CEO



Nicholas M Martin
Founder and Joint CEO

* 2003 Electronic Design Automation Branding Study – CMP Media & SG Cowen

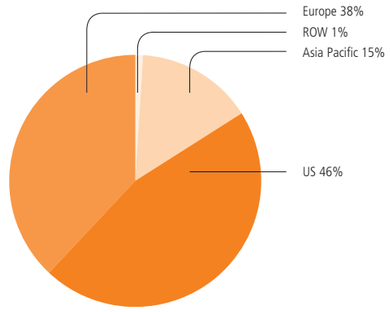
Altium snapshot

Strengths and competitive advantages

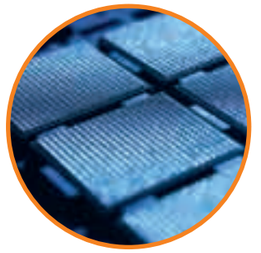
- Unique position in market: Altium is the only company exclusively focusing on affordable and accessible technology for the mass market of professional electronics engineers
- Scalable business model that enables the efficient delivery of products and technologies to a geographically dispersed market
- Design Explorer technology integration platform provides a single, seamless design environment that increases customer productivity and reduces development time for Altium software
- Demonstrated brand leadership in board-level design tools and embedded software development tools
- Unmatched breadth of technology combined with software development and technology integration expertise positions Altium to capitalise on current and future opportunities
- Leading brand for board-level design tools in China – the world's fastest growing economy

Global operations

- Corporate headquarters: Sydney, Australia
- Sales and support offices: Australia, US, Germany, Japan, Switzerland
- R&D centres: Australia, Netherlands
- Dedicated engineering services group: Altium Professional Services
- Reseller network: 85+
- Staff: 270 worldwide
- Software engineers: 120+
- Total technology investment: $130m+
- 2002/03 revenue: $46.7m
- Percentage of sales exported: >95%
- Sales % by geographical region: US 46%, Europe 38%, Asia Pacific 15%, ROW 1%



Sales by geographical region (%)



Solid business fundamentals

- Leading global developer and supplier of electronics design software for the Microsoft Windows environment
- Wide range of products covering design of electronics hardware and software
- Well established and strongly differentiated product brands
- Large, active and geographically dispersed market
- Proven track record of product innovation, brand equity growth and market share increase
- Cost-effective network of direct sales and support centres in all major markets worldwide
- Well established reseller network covering secondary and emerging markets
- Solid operating cash flows
- A history of sound financial management
- Stable management team with demonstrated insight into the electronics design market
- Demonstrated ability to extract value and manage the integration of acquired companies

History of growth and innovation

- 1985 Founded in Australia (formerly Protel)
- 1986 Exporting to USA and European markets through resellers
- 1988 Direct sales to USA
- 1991 Launched first Windows-based PCB tool
- 1995 Introduced first integrated design environment (now called "Design Explorer" (DXP) technology integration platform)
- 1998 Direct sales to Europe and Japan
- 1999 Listed as a public company to fund strategic technology development and acquisitions
- 1999/2000 Acquisition of key FPGA design, simulation and synthesis technologies
- 2000 Consolidated PCB design strength with Accel Technologies acquisition
- 2001 Acquisition of TASKING BV for embedded software design technology

  Launched Altium corporate brand identity
- 2002 Increased commitment to European market with Hoschar AG acquisition
- 2002/2003 Launch of next-generation Protel, CAMtastic and nVisage product lines and bonus technologies for P-CAD 2002 on DXP platform

2003: Year in review

Financials

In the 2002/03 financial year we achieved total revenue of $46.75m, in line with previous guidance. However, 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 – a total after tax loss for the year of $7.0m was reported. Despite this accounting loss, Altium demonstrated a solid operating performance; cash flows from operations were $9.4m, EBITDA was $6.9m, and our cash position increased from $6.2m to $7.3m over the year. In light of this, the Board resolved to pay a dividend of 2 cents per share from retained earnings. The impact of the appreciation of the Australian dollar can be seen on overall results; however, when the underlying sales figures are examined sales performance is consistent with previous years despite the economic downturn cycle.

Growth and expansion

July 2002 saw the acquisition and integration of Hoschar AG, the largest distributor of EDA tools in the German market. Hoschar AG was an important strategic acquisition for the company, as Germany has the world's second-largest market for EDA and embedded software (behind the USA). As a result of the acquisition we restructured our European sales and support operations in order to serve a significantly expanded customer base and increase in market share.

Human resources

The objective of our human resources initiatives is to ensure we raise the level of performance across our organisation by identifying the potential and maximising the performance of each employee, thereby enabling us to achieve excellence in the development and delivery of our products. A key initiative in 2002/03 was the global implementation of a performance review system with an emphasis on future development, goal setting, and the building of identified competencies that facilitate a flexible and opportunistic organisational culture, responsive to change and supportive of our business objectives.

Marketing

March 2003 saw the launch of a major worldwide direct-to-engineer marketing initiative aimed at getting Altium's message to the widest audience possible in a scalable and cost-effective manner. EDANEWS is a 16-page newspaper that mixes company and product promotional material with technical and informational articles designed to appeal to both existing and prospective customers.

The debut issue was available in English and German and was sent to 157,000 engineers, developers, designers and engineering managers world-wide. This makes EDANEWS one of the highest circulated electronics industry publications in the world. Response to the first issue was excellent, generating more than 5,000 requests for further information which included many requests for subscriptions from engineers who had seen a colleague's copy!

EDANEWS differs from traditional direct marketing pieces in that it provides a diverse range of information that demonstrates the depth and breadth of Altium's technologies and products as well as containing advertising and expert articles from other companies in the electronics industry. The technical support articles ensure it is a 'real tool' for engineers. According to Frank Hoschar, Altium's Director of Strategic Marketing, "The mix of articles ensures that the newsletter has a wide appeal, is informative, and serves both an educational and promotional purpose".

EDANEWS is intended to be published quarterly and, in combination with our other marketing initiatives, will become a prime vehicle for developing and maintaining an ongoing relationship with our customers and the entire electronics industry.

Industry

Altium received independent recognition of its growing brand equity and leading position in EDA with the results of a survey published in May 2003 by CMP Media. Each year CMP Media conducts an extensive study of its design engineering readership in order to quantify and track the emotional affinity engineers have for software tool vendors and product brands.

The survey asked engineers which attributes they considered important when selecting an EDA tool vendor. Compared with 11 other companies Altium was ranked number one for "competitive prices", number two for "best after-sales support" and "most ethical company", and number three for "best documentation" and "best integration with other vendors' tools". In fact, in every area of the survey Altium scored unaided-awareness positioning within the top three. Furthermore, the survey confirmed that Altium improved its positioning in the mind of the market as compared to previous surveys. Engineers perceive Altium as a technology leader with a clear vision of the future.

2003 EETimes EDA branding study – board design

Most important attributes in selecting an EDA tool vendor ranked in order of importance	Altium rank*	Response change**
■ Offers competitive prices	1	n/a***
■ Best after-sales support	2	↑
■ Best documentation	3	↑
■ Best integration with other vendors tools	3	↑
■ Most ethical company	2	↑
■ Clear vision of the future	3	↑
■ Knowledgeable sales reps	3	↑
■ Technology leader today	3	↑
■ Well-managed company	3	↑
■ Technology leader in 3 years	3	Consistent
■ Best training services	3	↑
■ Best web-site support	3	↑
■ Best before sales support	3	↑
■ Offers consulting design services	3	↑

* Out of 11 global EDA vendors.

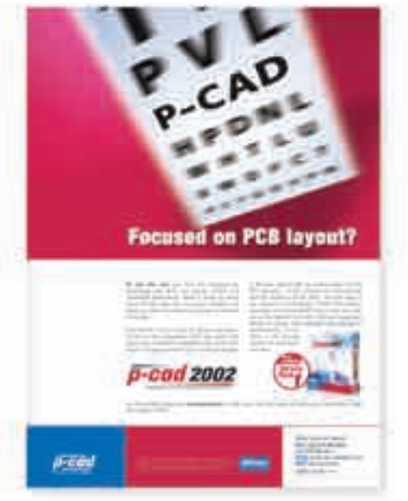
** Unaided awareness of EETimes respondents towards board-level EDA tool vendors – 2003 results compared with 2002.

*** New category.

Reprinted with permission from EETimes and CMP Media LLC. The survey was produced in collaboration with SG Cowen, a U.S. securities and investment banking firm.

Product updates and new releases

During the year Altium launched several major new versions of key product lines, including two significant releases in the board design market – that of Protel DXP and P-CAD 2002 – both important upgrades to these market-leading brands. A new version of CAMtastic, our PCB manufacturing and fabrication tool, was moved onto the DXP platform and released, and local language versions of Protel and P-CAD were introduced for the Japanese market. There were also a number of updates within the TASKING brand of embedded software development tools, most notably a new version of the highly successful toolset for Infineon's popular C166 microcontroller. The year also saw the release of a new product called nVisage to take advantage of a significant market opportunity resulting from recent industry consolidation. nVisage fills a vacuum in the marketplace for a front-end engineering design tool that integrates all the capabilities needed to support today's complex design entry challenges.



Products from Altium offer tailored solutions for the electronics design industry covering a range of hardware and software design processes. While each product has its own distinct brand, all products draw on the Altium values of productivity-enhancing tool integration, accessibility, true value for money, and ease of use.

The overriding promise from Altium to our customers is "making electronics design easier" for every engineer.

Protel

www.protel.com

The latest version of our Protel product line represents the industry's first complete board-level design system. It offers all the capabilities necessary for the engineer to take an idea for a circuit design right through to PCB implementation and manufacturing. Unlike its competitors, which often comprise a collection of independent point tools that work loosely together, Protel is built from the ground up as a single, integrated application that takes a holistic approach to the process of design and implementation. This approach streamlines the design process, eliminates the need to recreate design data in different applications, and gives the engineer unprecedented freedom to move through the design flow.

nVisage

www.nvisage.com

Altium's new nVisage product line introduces a unique multi-dimensional design capture system that includes all the tools necessary for electronic design engineers to carry out the conceptual design phase of an electronic system. Design capture is the process of 'capturing' the essential elements of the design – via a diagrammatic or text-based description of the circuit input into the computer. It also verifies that the captured information is correct and that the circuit will function as expected. Once the design is captured, design engineers typically work with other engineers using tools such as Protel or P-CAD in order to implement the design on a Printed Circuit Board (PCB), and/or a programmable chip such as a Field-Programmable Gate Array (FPGA).

CAMtastic

www.camtastic.com

One of the essential steps in the development and manufacture of an electronic product is the manufacture and assembly of the PCB. Increasing design complexity and time-to-market pressures demand that the PCB design is transferred from PCB layout through to fabrication rapidly and error free. Altium's next generation circuit board Computer Aided Manufacturing (CAM) system, CAMtastic DXP, enables engineers to verify critical manufacturing information quickly and easily, ensuring the integrity of their designs before manufacturing, and resulting in increased product quality, shorter design cycles, and less likelihood of costly design errors.

p-cad

www.pcad.com

P-CAD is a tool primarily targeted at dedicated, specialised board design professionals who are focused on the design and layout of PCBs. This is the stage of the electronic design process where the physical board on which the electronic components will be mounted is designed, and the artwork necessary for the manufacture and assembly of the board is generated. Mistakes at this stage of the design process can be costly, and P-CAD is renowned as a brand that thousands of designers, particularly in the North American market, know, trust and use for designing PCBs in many commercial applications across industries such as aerospace, defence, scientific research and medical technology.

TASKING

www.tasking.com

TASKING products are a world-leading brand of tools for embedded software development used by engineers when designing systems that have microprocessor chips embedded within them. TASKING tools are used to develop the software that runs on the microprocessors.

These days, microprocessors are found in the majority of electronic products we use in our everyday lives. Virtually all appliances with digital interfaces – watches, microwaves, stereos, DVDs – utilise microprocessors which require embedded software to provide their extensive range of features.

With over 100,000 TASKING product licences sold to customers around the globe, including the world's leading telecom, datacom, automotive, wireless and peripheral manufacturers, our award-winning TASKING product range boasts more than 20 years of reliability, innovation and technology leadership in embedded software development tools.

Altium's customers

Electronics design tools are software programs that are used by electronics engineers and designers to design the hardware and software that make up electronic systems. Altium software is used by engineers around the world to design the electronic devices found in many of today's newest and most exciting industry and consumer products. The use of Altium software spans a broad range of industries including telecommunications, automotive, aerospace, defence, medicine, science, and consumer electronics.

Designing PCBs for extreme environments

Protel used by Thales Underwater Systems to design PCB in naval mine disposal unit

Established in France more than a century ago, Thales is a global electronics company serving aerospace, defence, and information technology markets worldwide. It is a global leader in underwater combat systems such as underwater sensors and systems for aircraft, surface combatants, mine countermeasure vessels, nuclear and conventional submarines, torpedoes and diver defence.

Recently, a team of hardware engineers at the Sydney-based Thales Underwater Systems group used Altium's Protel software to design a Printed Circuit Board (PCB) for a new Acoustic Mine Imaging (AMI) system commissioned by the Royal Australian Navy. The AMI system will be mounted on a submergible mine disposal vehicle which will then be deployed by the Navy in missions to detect, clear and destroy hazard-ous sea mines.

The design team faced many complex challenges during the system's development. These included the need to accommodate high data speeds, use new electronic devices and components in the design, allow for the expansion and contraction caused by extreme sea temperature variation, and be able to operate at 200m below sea level and survive at depths of up to 300m. Keeping power levels to a minimum was also a significant challenge, as the mine disposal vehicle on which the AMI is mounted is operated by a tether cable leading back to the vessel controlling it, in this case a Royal Australian Navy vehicle. This umbilical-like cord provides power and data to the mine disposal vehicle and only has a certain power budget available to it.

Although the design presented many challenges, the PCB was successfully completed using the power and control available in the Protel design software. The PCB files were assembled, coded, tested and delivered in early 2003 ready for manufacturing and integration into the AMI product. The first sea trials of the AMI are scheduled to occur later this year.

TASKING used in the design of BMW iDrive System

The growing number of displays and controls needed by today's sophisticated car designs can lead to overcrowded dashboards – a problem for the driver. To solve this problem, BMW engineers developed an advanced operating concept for their car cockpits called "iDrive". Critical to the development of iDrive was Altium's TASKING C166 embedded software development toolset, used by the engineers to develop the control software for the C166 processor chips that form the heart of the iDrive system.

iDrive is an intelligent system that allows the driver to control more than 700 functions within the car. It coordinates the operation of the car stereo system and telephone, DVD player and television screen, speech-controlled navigation system and all the on-board computer systems. The system can be seen in the latest BMW 7 Series – the first car to incorporate iDrive.

Altium's customers include:

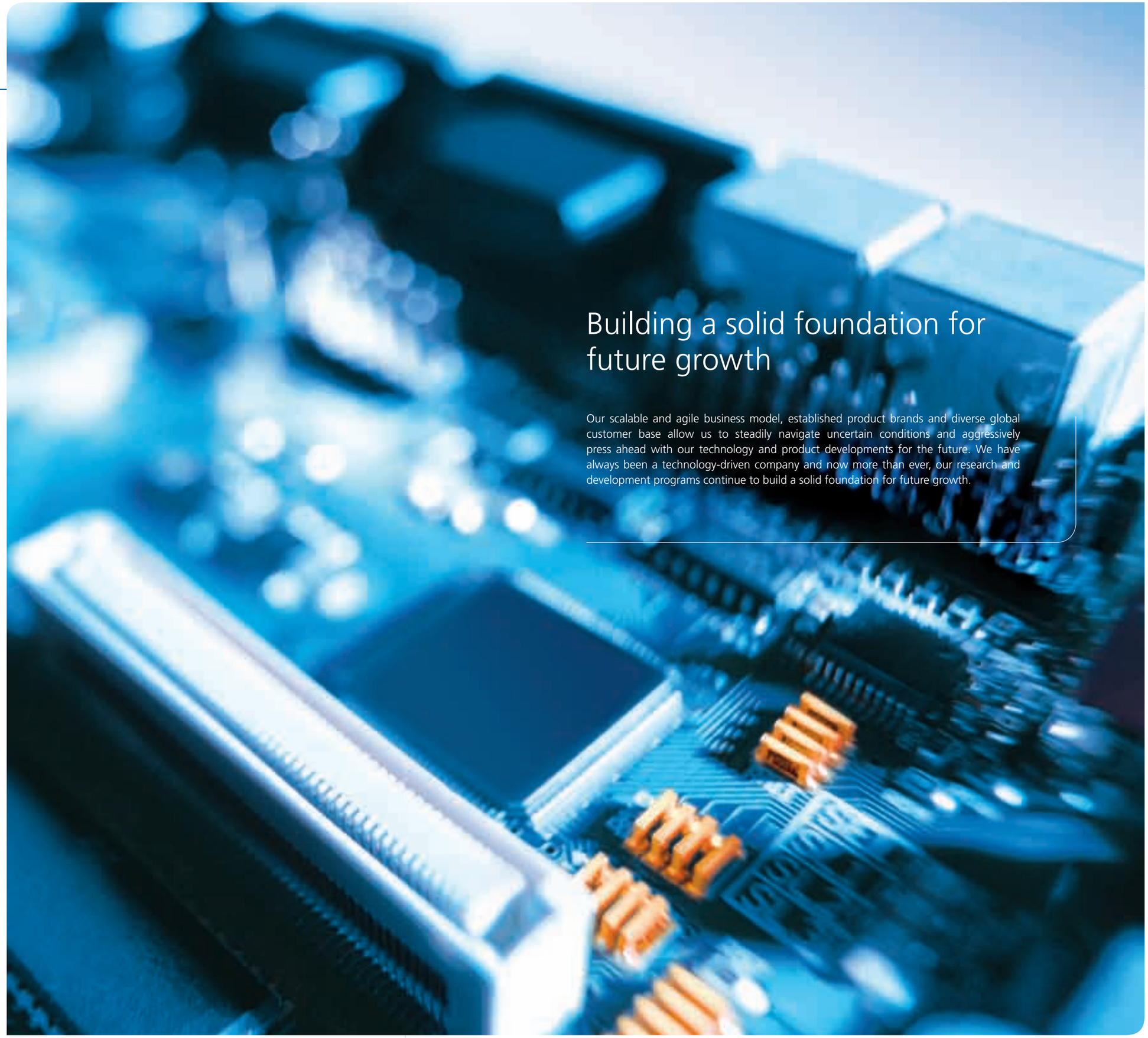
BMW Group ■ Boeing ■ Bosch ■ Canon ■ Cochlear ■ CSIRO ■ Daimler Chrysler ■ Delphi ■ Fujitsu ■ Hewlett-Packard ■ IBM ■ Lockheed Martin ■ Motorola ■ NASA ■ NEC ■ Nokia ■ Philips ■ Sony ■ Siemens ■ Telstra ■ Toshiba

Online investor information

Altium is committed to keeping all our share-holders well informed. Our **www.altium.com** website is constantly updated to provide you with the latest information as quickly and as efficiently as possible.

- About Altium
- ASX releases
- Electronics industry media releases
- Altium share price
- Investor / analyst presentations
- Shareholder newsletters
- Annual reports
- Investor FAQs and contacts

This past year was yet another defined by challenging conditions. Altium however, continued to demonstrate resilience, focusing on the careful management of resources and protection of assets into developing technology for the future – which are always important during periods of economic uncertainty. We are confident that the investments made in 2003 will allow Altium to benefit from the effects of continuing consolidation in the world EDA markets, and to gain growth in new segments over the coming years.



Building a solid foundation for future growth

Our scalable and agile business model, established product brands and diverse global customer base allow us to steadily navigate uncertain conditions and aggressively press ahead with our technology and product developments for the future. We have always been a technology-driven company and now more than ever, our research and development programs continue to build a solid foundation for future growth.

Review of operations and activities

Group overview

Business objectives

Altium Limited is a leading developer and supplier of desktop Electronic Design Automation (EDA) and embedded software design tools for the Microsoft Windows environment.

Altium's software is used by engineers for the design of electronic devices found in many of today's newest electronic and consumer products across a broad range of industries including telecommunications, automotive, aerospace, defence, medicine, science, and consumer electronics.

Altium was founded in Hobart, Tasmania, in 1985 and established itself as a key player in the electronic design industry with achievements such as the release of the world's first Windows–based printed circuit board design tool, and the first fully-integrated desktop board-level design system.

The Altium vision: "Historically, the most advanced, state-of-the-art design tools have been prohibitively priced, with access being limited to engineers based within the few companies that could afford them. The Altium vision – unchanged since the company's inception – is to break down these barriers to innovation and technological advancement and provide every engineer and system designer with easy access to the best possible design tools. This is the driving force behind why our company was founded and is still the vision that guides our strategies today and into the future."
Nick Martin, Founder and Joint Chief Executive Officer, Altium Limited

Altium's products offer tailored solutions covering a range of electronic hardware and software design processes. Current products include Protel DXP, P-CAD 2002, various TASKING embedded software tools, nVisage DXP and the CircuitMaker range of educational tools.

Review of operations

Sales revenue

While the company reported revenues from operating activities of $46.6m, down from $52.0m for the 2002 financial year, the underlying performance of the business (excluding the effects of exchange rates) showed positive signs over the second half of the year. Over the last six months, sales have been broadly in line with last year in foreign currencies, though reported sales have fallen when converted to Australian dollars. The company saw particular growth in the United States and Europe.

New product initiatives

As a technology company, the best way to approach a downturn in the market is to continue to innovate. During the year, the company launched significant upgrades to each of its major products. In July 2002, Protel DXP was released as the most recent upgrade to the Protel brand of products – the first since 1999. In addition, November saw the release of a new multi-dimensional design capture tool, nVisage DXP, and December saw the release of P-CAD 2002. As a result of the introduction of new compiler technology, the company released a number of updates to its TASKING range of products during the first six months of 2003. The most significant updates were to the StarCore, TriCore, DXP56xxx and C166/ST10 toolsets.

Hoschar acquisition & restructure in Europe

In July 2002, the consolidated entity completed the acquisition of the EDA business of Hoschar AG. Hoschar operated in Germany for over fifteen years and became one of the foremost EDA sales and marketing distributors in Europe. Prior to the acquisition, Hoschar operated as a Value Added Reseller of Altium's two main competitors, Cadence Design Systems and Mentor Graphics. The acquisition led to a restructuring of the sales teams in Europe and the creation of a new sales headquarters in Karlsruhe, Germany. The cost of the restructure was brought to account during the reporting period. Restructuring costs included redundancies and the termination of operating leases.

Management of costs

In response to the ongoing economic climate, the company has acted to preserve operating cash flows and performance. As a result, operating costs decreased in the 2003 financial year. Major cost savings came through a reduction in the number of full time staff in sales, marketing and administration while, at the same time, the company increased its overall spending on research and development. The company believes continued investment in research & development is vital to preserve the company's competitive edge, both in the short term and as the global economy recovers.

Impact of exchange rates fluctuations

Over the past twelve months, the Australian dollar has experienced a sharp increase in value when compared to major currencies across the globe. This appreciation has had a significant impact on the carrying value of the consolidated entity's assets and liabilities, due to Altium's major markets being overseas. The revaluation of monetary assets and liabilities using balance date exchange rates resulted in an unrealised foreign exchange loss of $2.1m.

Impact of write-downs on reported profit after tax

In preparing the financial report for the year the Board resolved to write back a portion of the deferred tax assets recognised in previous years in the expectation that these assets would be recouped over a greater period than previously assumed. The directors therefore wrote back estimated deferred tax assets they deemed would not be recouped over the next two years. While these assets remain available to the company, they were not brought to account as at balance date. This write-down increased the income tax expense by $2.8m.

Investments for future performance

Hoschar acquisition, investing in European sales structure

In July 2002, the consolidated entity acquired the EDA business of Hoschar AG. The cost of the acquisition was $3.5m through a combination of cash and shares in the parent entity. The benefits of this acquisition are discussed in the review of operations.

Research and development capitalised

During the period, the consolidated entity invested $10.7m in research and development activities, of which $3.7m was capitalised. The portion capitalised related to activities undertaken to integrate acquired technology into future products scheduled for future release. The consolidated entity continues to invest in bringing new products to the market to help fuel future growth.

Review of financial position

Capital structure

- Hoschar acquisition – the acquisition of the EDA business of Hoschar AG required the consolidated entity to issue 2,000,000 ordinary shares with a fair value of $1.17.
- Exercised options – 177,600 shares were issued upon the exercise of options issued to employees in prior periods. The exercise of these options raised $60,384.
- Share buy-back – in March 2003, the company announced the commencement of a share buyback scheme. During the period the company repurchased 798,207 shares at a cost of $365,286. The repurchased shares were subsequently cancelled.

As a result of these transactions, total shares on issue at balance date increased from 87,631,224 to 89,010,617.

Refer to note 18 to the financial statements for further detail on the company's capital structure.

Cash flows from operations

The cash position of the consolidated entity at the end of the reporting period was up by 17% to $7.3m. Cash generated from operating activities increased by 33% (as compared to the same period last year) to $9.5m as a result of decreased operating costs. Further details on operating cash flows can be found in the Statements of Cash Flows in the financial statements.

Corporate governance

Corporate governance information is included on page 29 of this annual report.

Statement of compliance

The above report includes disclosures as recommended in The Group of 100 Incorporated Publication: Guide to Review of Operations and Financial Condition.

Directors' report

The directors of Altium Limited present their report on the consolidated entity consisting of Altium Limited (ACN 009 568 772) and the entities it controlled at the end of, or during the year ended June 30, 2003.

Results

	Consolidated	
	2003 $'000	**2002 $'000**
Operating profit (loss) before income tax	(2,590)	3,654
Income tax expense	(4,386)	(1,401)
Operating profit (loss) after income tax	**(6,976)**	**2,253**

Earnings per share

	Consolidated	
	2003 cents	**2002 cents**
Basic earnings per share	(7.8)	2.6
Diluted earnings per share	(7.8)	2.6

Directors

The following persons were directors of Altium Limited during the whole of the financial year and up to the date of this report:

Carl J Rooke ■ Nicholas M Martin ■ Kayvan Oboudiyat
William A Bartee ■ Darren Charles ■ Bruce W Edwards
David M Warren

Dr. Steven G Duvall was appointed as director on November 27, 2002 and continues in office at the date of this report.

Principal activities and review of operations

The consolidated entity's principal activities during the year continued to be that of the design, development and sale of computer software for the design of electronic products.

Refer to the review of operations and activities on page 20 of this report for further commentary.

Dividends

Dividends paid to members during the financial year were as follows:	Consolidated 2003	2002
An ordinary dividend for the year ended June 30, 2002 of 2 cents (2001 – 4.5 cents) per share fully franked paid on October 4, 2002	$1,796,176	$3,943,406
	$1,796,176	**$3,943,406**

In addition to the above dividends, since the end of the financial year the directors have declared the payment of an unfranked final ordinary dividend of $1,760,989 (2 cents per fully paid share) to be paid on September 30, 2003 out of retained profits at June 30, 2003.

Information on directors

Director	Experience	Special responsibilities	Directors' interests in Altium Limited	
			Ordinary shares	Options
Carl J Rooke FCA FAICD	Non-executive Director for 13 years. Chairman for 4 years. Managing Partner of Horwath Tasmania Pty. Former Chairman of Horwath Australia	Non-Executive Chairman. Chairman of remuneration and nomination committees and member of audit committee	224,400	160,000
Nicholas M Martin	Joint Chief Executive Officer and Founder. Executive Director for 16 years	Joint Chief Executive Officer. Member of nomination committee	22,444,000	-
Kayvan Oboudiyat BE (Hons) GDA	Chief Executive Officer for 4 years, Managing Director for 2 years prior. Former Senior executive in the International Business Unit of Telstra	Joint Chief Executive Officer. Member of remuneration committee. Company Secretary	1,187,500	1,200,000
William A Bartee BS MBA JD	Non-executive Director for 4 years. Former Investment Director of Macquarie Technology Funds Pty Limited	Chairman of audit committee and member of remuneration and nomination committees	-	80,000
Dr. Steven G Duvall Ph.D. MS BS, Intel Fellow.	Appointed Non-executive Director November 2002. Director Strategic Investment for Intel Australia in Asia Pacific Region	Member of audit committee	-	-
Darren Charles BCom	Executive Director and Chief Financial Officer for 2 years	Chief Financial Officer	102,050	170,250
Bruce W Edwards	Executive Director for 2 years. Former President of Protel Technology, Inc.	-	-	-
David M Warren BSc (Hons)	Executive Director for 12 years	-	5,303,000	-

Directors' meetings

The number of meetings of the company's Board of Directors held during the year ended June 30, 2003 and up to the date of this report attended by each director were:

	Full meeting of directors	Meetings of committees	
		Audit	Remuneration
Number of meetings held	7	2	1
Number of meetings attended by			
Carl J Rooke	7	2±	1
Nicholas M Martin	7	*	*
Kayvan Oboudiyat	7	*	1
William A Bartee	7	2	1
Dr. Steven G Duvall (appointed 27 November 2002)	3	o	*
Darren Charles	7	2o	*
Bruce W Edwards	7	*	*
David M Warren	7	*	*

Directors' and senior executives' emoluments

The Remuneration Committee is responsible for advising the Board on remuneration policies and packages for board members and senior executives. Members of the Remuneration Committee are Carl J Rooke, William A Bartee and Kayvan Oboudiyat.

Remuneration of directors and senior executives is determined so as to ensure that the package properly reflects the relevant person's duties and responsibilities and that the package is competitive to attract and retain services of high quality management. Remuneration packages include a base salary, superannuation, and other benefits. Executives are also eligible to participate in the company's option plans.

Remuneration and other terms of employment for each board member are formalised in service agreements.

Remuneration of non-executive directors is determined by the Board within the maximum amount ($350,000 p.a.) approved by the shareholders periodically and is formalised in service agreements.

Details of the nature and amount of each element of the emoluments of each director of Altium Limited and each of the 5 officers of the company and the consolidated entity receiving the highest emoluments are set out in the following tables:

Non-executive directors of Altium Limited

Name	Directors' base fee $	Motor vehicle $	Bonus $	Super $	Options $	Other benefits $	Total $
Carl J Rooke	110,000	-	-	-	17,600	-	127,600
William A Bartee	58,304	-	-	5,247	8,800	-	72,351
Dr. Steven G Duvall	32,604	-	-	2,934	-	-	35,538

Executive directors of Altium Limited

Name	Directors' base fee $	Base salary $	Motor vehicle $	Bonus $	Super $	Options $	Other benefits $	Total $
Kayvan Oboudiyat	40,000	291,049	-	-	28,671	132,000	-	491,720
Bruce W Edwards	60,023	252,329	-	-	2,348	66,884	23,469§	405,053
Darren Charles	40,000	113,200	20,453	-	13,158	31,520	-	218,331
David M Warren	40,000	132,183	-	-	15,432	-	-	187,615
Nicholas M Martin	-	1	-	-	-	-	-	1

* Not a member of the relevant committee.

o Darren Charles resigned as a member of the Audit Committee on July 22, 2003 and was replaced by Dr. Steven G Duvall.

± Carl J Rooke resigned as chairman of the Audit Committee on July 22, 2003 and was replaced by William A Bartee. Carl J Rooke remains a member of the Audit Committee.
A nomination committee was established on July 22, 2003, hence there were no meetings held during the financial year. Refer to the corporate governance statement on page 31 of this report for further details.

§ Other benefits includes: health insurance and relocation expenses.

Other executives of Altium Limited

Name	Base salary $	Motor vehicle $	Bonus $	Super $	Options $	Other benefits $	Total $
Matthew Schwaiger Director of Product Management	130,288	16,162	9,709	12,600	31,120	-	199,879
Alan Perkins Director of Development Systems	124,384	-	40,000	13,256	2,076	971	180,687
Jason Hingston Software Architect	120,017	-	9,709	11,675	30,960	-	172,361
Marc Depret Software Architect	118,338	13,313	9,709	10,696	18,800	-	170,856
Dejan Stankovic Software Architect	119,046	-	9,709	11,588	18,800	-	159,143

Other executives of the consolidated entity

Name	Base salary $	Motor vehicle $	Bonus $	Super $	Options $	Other benefits $	Total $
Frank Hoschar Director of Strategic Marketing	210,818	36,722	-	9,348	-	61,180*	318,068
Rene Mooijman Managing Director, Contract Product Development	169,342	21,402	32,738	28,543	2,271	242	254,538
Nancy Eastman Regional Director, USA	202,974	-	-	4,067	30,960	5,698	243,699
Peter Murman Managing Director Amersfoort Technology Centre	171,161	-	44,540	19,057	2,725	1,656	239,139
Klaus Pontious Regional Director, Europe	210,818	12,325	-	9,348	-	-	232,491

*Other benefits include: relocation expenses.

Recent ASIC guidance has clarified the treatment of options for inclusion in directors and executive remuneration. This guidance requires the value of options included as remuneration for directors or executives, to be valued at the date they are granted and apportioned over the vesting period. Prior to this guidance release general practice was to value the options at grant date and include the total value in remuneration in the year the options were granted. As a result, remuneration from options included above has been disclosed as directors and executives remuneration in prior financial statements.

The amounts disclosed above for remuneration relating to options are the assessed fair values of options at the date they were granted to directors and other executives. Fair values have been assessed using a Black-Scholes based option-pricing model. Factors taken into account by this option-pricing model include the exercise price, the term of the option and the market value of the share at the time the options were granted. Key assumptions adopted as at the date of issue for valuing the options in the current year include risk free rate of interest (4.54%) and volatility of share price (53.36%).

Other executives are officers who are involved in, concerned in, or who take part in, the management of the affairs of Altium Limited and/or the consolidated entity.

Share options granted to directors and the most highly remunerated executives

Options over unissued ordinary shares of Altium Limited granted during, or since the end of the financial year, to any of the directors or the 5 most highly remunerated officers of the company and consolidated entity as part of their remuneration were as follows:

Other executives of Altium Limited	Options granted
Matthew Schwaiger	200,000
Alan Perkins	150,000
Jason Hingston	200,000
Marc Depret	150,000
Dejan Stankovic	200,000

Other executives of consolidated entity	Options granted
Frank Hoschar	200,000
Rene Mooijman	68,740
Nancy Eastman	20,000
Peter Murman	15,750
Klaus Pontius	200,000

The options granted to directors and other executives of Altium Limited were granted under the Altium Option Plan on October 23, 2002. The options granted to other executives of the consolidated entity were granted under the Altium Option Plan on July 10, 2002, October 23, 2002 and November 19, 2002.

Shares under option

Unissued ordinary shares of Altium Limited under option at the date of this report are as follows:	Number	Issue price of shares	Expiry date
Altium Option Plan	2,296,000	3.42	June 09, 2005
Altium Option Plan	1,309,150	5.50	Sept 29, 2005
Directors' Plan	1,440,000	5.50	Nov 20, 2005
Altium Option Plan	1,562,660	4.20	Oct 12, 2006
Altium Option Plan	868,700	4.20	Nov 07, 2006
Altium Option Plan	123,000	3.56	Dec 04, 2006
Altium Option Plan	400,000	1.17	July 10, 2007
Altium Option Plan	2,912,195	1.34	Oct 23, 2007
Altium Option Plan	8,400	1.34	Oct 30, 2007
Altium Option Plan	96,815	1.34	Nov 11, 2007
Altium Option Plan	282,010	1.34	Nov 19, 2007
Altium Option Plan	51,000	1.34	Nov 27, 2007
Total unissued ordinary shares of Altium Limited under option	**11,349,930**		

The options granted under the Altium Option Plan and the Directors' Plan vest in equal amounts over a four-year period from the first anniversary date of issue. These options are exercisable at any time once vested through to expiry date. No option holder has any right under the options to participate in any other share issue of the company or of any other entity within the consolidated entity.

Refer to note 27 for details of shares issued during the year as a result of options being exercised.

Directors' report

Significant changes in the state of affairs

There were no significant changes in the state of affairs during the period.

Events subsequent to balance date

Except for the matters discussed above, no other matter or circumstance has arisen since June 30, 2003 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years,
(b) the results of those operations in future financial years, or
(c) the consolidated entity's state of affairs in future financial years.

Environment regulation

The company has assessed whether there are any particular environmental regulations that apply to it and has determined that there are none of significance.

Likely developments and expected results of operations

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Insurance of officers

During the year the company paid a premium of $51,473 to insure the directors and officers of Altium Limited and its subsidiaries. The liabilities insured are costs and expenses that may be incurred in defending any civil or criminal proceedings that may be brought against them in their capacity as directors or officers of the consolidated entity.

Rounding of amounts

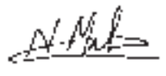
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office as auditor in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.

Kayvan Oboudiyat
Joint Chief Executive Officer and Director



Nicholas M Martin
Joint Chief Executive Officer and Director

Sydney
September 1, 2003

Corporate governance statement

The directors are responsible to the shareholders for the performance of the company. Their focus is to enhance the interests of the shareholders, employees and customers and to ensure the company and its controlled entities are properly managed. Day to day management of the company's operations and the implementation of corporate strategy is delegated by the Board to the Joint Chief Executive Officers and senior executives. The Board draws on relevant best practice corporate governance principles to assist it to contribute to the performance of the consolidated entity.

In response to the recently released "Principles of Good Corporate Governance and Best Practice Recommendations" developed by the ASX Corporate Governance Council, the Board are currently undertaking a review of corporate governance procedures to ensure that the consolidated entity is in compliance with the guidelines. The Board are pleased to report that many of the best practice recommendations are already in place and they are continuing the review to ensure best practice in all relevant areas.

The Board have taken the approach of carefully considering each of the ten guidelines and associated recommendations in order to establish the extent to which they are appropriate for the consolidated entity to implement, given such considerations as the business model, the size of the consolidated entity and the Board, and the highly specialised nature of the industry in which the consolidated entity participates. In order to comply with the need to further disclose corporate governance practices in the 2004 annual report, the Board are currently reviewing this documentation and amending and extending the existing governance procedures where applicable to bring them into line with best practice recommendations.

In response to the corporate governance recommendations, the Board has already appointed a nomination committee in addition to the existing audit and remuneration committees. Comprising two non-executive and one executive members, the role of the Nomination Committee is to make recommendations to the Board on all new Board appointments. The Committee will formally review the balance and effectiveness of the existing Board in order to identify individuals who not only have the requisite skills needed, but who will also compliment the existing skills and strengths of the Board.

In response to the best practice recommendations the Board have also amended the composition of the audit committee to exclusively consist of non-executive Board members. The Board have also appointed a non-executive director as chairman of the Committee to ensure that the Chairman of the Audit Committee is independent of the Chairman of the Board.

The Board believe good corporate governance is essential to the future of the consolidated entity and will continue to adopt all relevant best practice standards.

A description of the consolidated entity's main corporate governance practices is set out below. The practices have been in place throughout the entire year, unless otherwise stated.

Board of Directors

At the date of this report, the Board consisted of three non-executive directors and five executive directors, including a non-executive chairman. Further details on directors are set out in the directors' report under the heading "Information on directors".

The functions of the Board include:

- review and approval of strategy, budgets, and financial plans
- monitoring organisational performance and its achievement of the consolidated entity's strategic goals and objectives
- monitoring financial performance including the approval of the annual and half-yearly financial reports and liaison with the consolidated entity's auditors
- appointment, and assessment of the performance of Joint Chief Executive Officers and other members of the senior management team
- ensuring effective management processes are in place
- approving major initiatives
- enhancing and protecting the reputation of the consolidated entity
- ensuring the risks facing the company and its controlled entities have been identified and that appropriate controls, monitoring and reporting mechanisms are in place, and
- reporting to shareholders.

Corporate governance statement

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the remuneration, audit and nomination committees. These committees consist of executive and non executive directors with the exception of the audit committee which consists of non-executive directors only.

The company's constitution specifies that one third of all directors and any director who has held office for three years or more, must retire at each annual general meeting (with the exception of the Joint Chief Executive Officers). Where eligible, a director may stand for re-election subject to conditions laid out in the company's constitution.

Independent professional advice

The directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required, but this will not be withheld unreasonably. All directors will be made aware of the professional advice sought and attained.

Remuneration committee

The Remuneration Committee was established on June 22, 1999 and consists of the following directors:

Carl J Rooke ■ William A Bartee ■ Kayvan Oboudiyat

The Remuneration Committee was established to advise the Board on remuneration policies and practices generally and will be responsible for making specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Executive remuneration and other terms of employment are reviewed by the Committee having regard to performance, relative comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation and fringe benefits. All directors (excluding Nicholas M Martin) are also eligible to participate in the Directors' Option Plan.

The Remuneration Committee's terms of reference also include responsibility for reviewing any transaction between the consolidated entity and the directors, to ensure the structure and the terms of the transaction are in compliance with the Corporations Act (2001) and are appropriately disclosed.

Further information on directors' and executives' remuneration is set out in the directors' report and notes 23 and 24 to the financial statements.

The Committee also assumes responsibility for management succession planning, including the implementation of appropriate executive development activities and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

Audit committee

The Audit Committee was established on June 22, 1999 and consists of the following directors:

William A Bartee ■ Dr. Steven G Duvall ■ Carl J Rooke

Darren Charles resigned from the Audit Committee in July 2003 and was replaced by Dr. Steven G Duvall.

The main responsibilities of the Audit Committee are to:

- review and report to the Board on the annual report, the annual and half-yearly financial reports, and all other financial information published by the company or released to the market.
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations,
  - reliability of financial reporting, and
  - compliance with applicable laws and regulations.
- recommend to the Board the appointment, removal, and remuneration of the external auditors, and review the terms of their engagement, and the scope and quality of the audit.
- review insurance matters for the consolidated entity.

When appointing auditors or appointing accountants for non-audit services, the Executive Director and Chief Financial Officer Darren Charles was not permitted to vote. The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External auditors

In fulfilling its responsibilities, the Audit Committee will receive reports from management and external auditors. It meets with external auditors up to four times a year and reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved. At all times the external auditors have a direct line of communication to all members of the Audit Committee and the Chairman of the Board. It is the policy of external auditors to provide an annual declaration of their independence to the audit committee.

The audit of the consolidated entity's accounts is subject to a second partner review. PricewaterhouseCoopers were appointed external auditors of the consolidated entity in 1995. It is PricewaterhouseCoopers' policy to rotate audit partners on listed companies at least every seven years. The Audit Committee has also adopted a policy of audit partner rotation on a seven year basis.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 25 to the financial statements.

Nomination committee

The Nomination Committee was established on July 22, 2003 and as such did not hold any meetings during the 2003 financial year. The Nomination Committee consists of the following directors:

Carl J Rooke ■ William A Bartee ■ Nicholas M Martin

The main responsibilities of the Committee are to:

- conduct an annual review of the membership of the Board with regard to present and future needs of the consolidated entity
- make recommendations on Board composition and appointments
- propose candidates for Board vacancies
- oversee Board succession including the succession of the Chairman
- establish criteria for Board independence and conduct an annual review of directors' independence
- establish induction guidelines for newly appointed directors and regularly assess the effectiveness of the induction process.

When the need for a new director is identified or an existing director is required to stand for re-election, the Committee reviews the range of skill, experience and expertise on the Board, identifies its needs and seeks candidates with the appropriate skill and experience for Board consideration.

The full Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the company. Re-appointment of existing directors is not automatic and is contingent on their past performance and contribution to the consolidated entity.

Continuous disclosure

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with continuous disclosure requirements in the ASX listing rules and overseeing and coordinating information disclosure to the ASX, shareholders, the public, the media, analysts and brokers.

The company has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the company and its controlled entities that a reasonable person would expect to have a material effect on the price of the company's securities.

Financial report

Financial report June 30, 2003

This financial report covers both Altium Limited as an individual entity and the consolidated entity consisting of Altium Limited and its controlled entities.

Altium Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:
Level 3, 12a Rodborough Road, Frenchs Forest, NSW 2086.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 20-21 and in the directors' report on pages 22-28.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at the investors' section on our website: www.altium.com. For queries in relation to our reporting please email investor.relations@altium.com.au.

Altium Limited and controlled entities
ACN 009 568 772

Capitalising on emerging opportunities

Although our results reflect that we did not emerge from this financial year untouched by the continued global economic downturn, our business fundamentals and competitive position remain strong. With an unmatched portfolio of design technologies and an exclusive focus on the mainstream electronics engineer we are uniquely positioned to capitalise on emerging opportunities and expand our reach across the broader electronics industry within the next financial year.

Statements of financial performance

For the year ended June 30, 2003	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent entity 2003 $'000	Parent entity 2002 $'000
Revenue from ordinary activities	2	**46,781**	**52,388**	**30,962**	**33,929**
Changes in inventories of finished goods	8	(34)	(134)	(23)	(16)
Raw materials and consumables used		(1,210)	(326)	(975)	(477)
Employee benefits expense		(21,168)	(24,481)	(8,276)	(8,814)
Depreciation and amortisation expense	3	(9,599)	(7,625)	(2,293)	(1,439)
Borrowing costs expense	3	(144)	(99)	(94)	(45)
Rental expense	3	(2,268)	(2,518)	(647)	(577)
Advertising and direct mail expense		(5,224)	(5,158)	(5,218)	(5,161)
Restructuring and redundancy expense		(1,110)	(1,617)	(80)	(584)
Professional advice expense		(1,380)	(1,304)	(507)	(1,011)
Communication expense		(843)	(993)	(287)	(349)
Intercompany royalties		-	-	(3,395)	(3,493)
Contract research and development expense		(116)	(17)	(5,000)	(3,299)
Net loss on foreign currency transactions	3	(2,418)	(601)	(3,852)	(672)
Other expenses from ordinary activities		(3,857)	(3,861)	(1,906)	(1,632)
Profit (loss) from ordinary activities before income tax expense		**(2,590)**	**3,654**	**(1,591)**	**6,360**
Income tax attributable to operating profit	4	(4,386)	(1,401)	579	(749)
Profit (loss) from ordinary activities after income tax expense		**(6,976)**	**2,253**	**(1,012)**	**5,611**
Net profit (loss) attributable to members of Altium Limited	19	**(6,976)**	**2,253**	**(1,012)**	**5,611**
Basic earnings per share	33	(7.8)	2.6		
Diluted earnings per share	33	(7.8)	2.6		

The above statements of financial performance should be read in conjunction with the accompanying notes.

Statements of financial position

As at June 30, 2003	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent entity 2003 $'000	Parent entity 2002 $'000
Current assets					
Cash assets	6	7,267	6,542	3,537	1,979
Receivables	7	8,599	11,950	5,962	11,554
Current tax asset	10	-	1,612	-	300
Inventories	8	367	401	316	339
Other	12	810	918	220	204
Total current assets		**17,043**	**21,423**	**10,035**	**14,376**
Non-current assets					
Receivables	7	946	142	60,294	67,324
Property, plant and equipment	9	1,544	2,168	763	1,001
Intangible assets	11	121,045	121,295	19,187	16,497
Investment in controlled entities	29	-	-	49,520	43,420
Deferred tax asset	10	2,318	6,183	1,382	1,128
Other	12	325	333	-	-
Total non-current assets		**126,178**	**130,121**	**131,146**	**129,370**
Total assets		**143,221**	**151,544**	**141,181**	**143,746**
Current liabilities					
Payables	13	4,273	4,921	3,953	4,745
Interest bearing liabilities	14	102	385	44	36
Provisions	15	1,424	1,293	690	640
Other	17	5,586	6,660	280	282
Total current liabilities		**11,385**	**13,259**	**4,967**	**5,703**
Non-current liabilities					
Interest bearing liabilities	14	46	69	25	69
Provisions	15	250	186	250	186
Deferred tax liabilities	16	3,722	3,475	3,579	4,655
Total non-current liabilities		**4,018**	**3,730**	**3,854**	**4,910**
Total liabilities		**15,403**	**16,989**	**8,821**	**10,613**
Net assets		**127,818**	**134,555**	**132,360**	**133,133**
Equity					
Contributed equity	18	119,889	117,854	119,889	117,854
Retained profits	19	7,929	16,701	12,471	15,279
Total equity	20	**127,818**	**134,555**	**132,360**	**133,133**

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of cash flows

For the year ended June 30, 2003	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent entity 2003 $'000	Parent entity 2002 $'000
Cash flows from operating activities					
Receipts from customers		47,807	53,229	31,087	33,019
Payments to trade creditors, other suppliers and employees		(38,151)	(42,245)	(29,664)	(24,638)
Interest received		128	68	4,545	3,269
Interest paid		(145)	(93)	(94)	(39)
Income taxes refunded (paid), (net)		689	(3,818)	73	(1,640)
Payments for restructure of controlled entities		(865)	-	-	-
Net cash inflows from operating activities	31	**9,463**	**7,141**	**5,947**	**9,971**
Cash flows from investing activities					
Payments for property, plant and equipment		(656)	(802)	(452)	(572)
Proceeds from sale of property, plant and equipment		35	28	1	17
Payments for shares in controlled entities		-	-	(515)	(1,075)
Payments for purchase of business, net of cash acquired	30	(875)	-	-	-
Payments for transaction costs of purchase of controlled entities	30	(288)	-	-	-
Loans to related parties		-	-	(5,180)	(49,546)
Repayment of loans by related parties		-	-	6,546	49,729
Payments for technology acquisitions and licences		(188)	-	(188)	-
Payments for research and development		(3,710)	(3,405)	(3,615)	(3,405)
Payments for AltiumOne		(490)	(542)	(490)	(542)
Payments for trademark		-	(252)	-	(252)
Net cash (outflows) from investing activities		**(6,172)**	**(4,973)**	**(3,893)**	**(5,646)**
Cash flows from financing activities					
Proceeds from issues of shares	18	60	664	60	664
Payments for share buy-back	18	(365)	-	(365)	-
Proceeds from borrowings		-	-	1,642	-
Repayment of borrowings		(116)	(211)	(37)	(35)
Dividends paid		(1,796)	(3,944)	(1,796)	(3,944)
Net cash (outflows) from financing activities		**(2,217)**	**(3,491)**	**(496)**	**(3,315)**
Net increase (decrease) in cash held		**1,074**	**(1,323)**	**1,558**	**1,010**
Cash at beginning of the financial period		6,193	7,516	1,979	969
Cash at end of the financial year	6	**7,267**	**6,193**	**3,537**	**1,979**
Non-cash financing and investing activities	31	2,340	127	6,100	127

The above statements of financial performance should be read in conjunction with the accompanying notes.

Notes to the financial statements

1 Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Boards, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial statements have been prepared on the basis of historical costs and do not take into account current valuations of non-current assets.

The principal accounting policies adopted in preparing the financial report of Altium Limited are stated to assist in a general understanding of this financial report. These policies have been consistently applied except as otherwise indicated. Comparative information is reclassified where appropriate to enhance comparability.

a) **Principles of consolidation** – The financial statements incorporate the assets and liabilities of all entities controlled by Altium Limited ("company" or "parent entity") as at June 30, 2003 and the results of all controlled entities for the year then ended. Altium Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during the financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for the part of the year during which control existed.

b) **Income tax** – Income tax has been brought to account using the liability method of tax effect accounting, whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

No provision is made for additional taxes which could become payable if certain reserves of the foreign operation were to be distributed as it is not expected that any substantial amount will be distributed from those reserves in the foreseeable future.

c) Foreign currency translation

i) **Transactions** – Foreign currency transactions are initially translated into Australian currency at the rate of exchange on the date of the transaction. At balance date monetary amounts are translated to Australian currency at rates of exchange current on that date. Resulting exchange differences are brought to account in determining the profit or loss for the financial year.

ii) **Foreign operations** – As the foreign operations are integrated, their accounts have been translated using the temporal method, whereby monetary items are translated at the exchange rate current at balance date and non-monetary items are translated at exchange rates prevailing at the relevant transaction dates. Exchange differences arising on translation are brought to account in determining the profit or loss for the year.

d) **Acquisition of assets** – The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment to a restructure of the acquired entity and a reliable estimate of the amount of the liability can be made.

Goodwill is brought to account on the basis described in note 1(f).

e) **Recoverable amount of non-current assets** – The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant class of assets. The decrement in the carrying amount is recognised as an expense in the net profit or loss in the reporting period in which the recoverable write-down occurs.

The expected net cash flows in determining recoverable amounts of non-current assets are not discounted to their present values.

The key assumptions used in the directors' assessment of recoverable amount of non-current assets is set out in note 11.

f) Intangible assets
   i) **Goodwill** – Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise. Goodwill is presently being amortised over 20 years.
   ii) **Acquired technology and licences** – Acquisition costs of software licences, customer lists and copyrights are amortised on a straight line basis over the period for which the right is acquired or the period over which economic benefits are expected to arise. These periods vary from 3 to 10 years, starting from the date of commercial release.
   iii) **Trademarks (externally purchased)** – Costs incurred in relation to the establishment of the Altium trademark and associated brands have been deferred. The carrying amount of the Altium trademark cost is not amortised on the directors' belief it will exist in perpetuity and its value will not diminish over time. Notwithstanding this, the depreciable amount of the Altium trademark costs has been determined based on the directors' assessments of the residual value of the Altium trademark at the end of years ten, twenty, thirty, forty and fifty in current dollar terms. At the end of these periods, the residual value approximates to the current carrying amount of the Altium trademark cost giving rise to an immaterial depreciable amount. As a result there is no amortisation charge to be recognised. An assessment of the recoverable amount of the Altium trademark is made each reporting period to ensure this is not less than its carrying amount.
   iv) **Software developed for internal use** – Costs relating to software developed for internal use have been capitalised and are being amortised over its estimated useful life using the straight line method. Software developed for internal use is presently being amortised over 3 years. Costs capitalised include labour and other directly attributable costs.

g) **Research and development expenditure** – Research and development costs are charged to operating profit before income tax as incurred, or deferred where these costs are associated with integration of acquired technology and it is determined that the technology has reached technological feasibility. Costs are deferred to future periods to the extent that they are expected beyond any reasonable doubt to be recoverable. Deferred costs are amortised from the date of commercial release on a straight line basis over the period of the expected benefit, which varies from 3 to 10 years.

h) **Receivables and revenue recognition** – Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid. Revenue is recognised for the major business activities as follows:
   i) **Software** – A sale is recorded when goods have been dispatched to a customer pursuant to a sales order and the associated risks have passed to the carrier or customer.
   ii) **Support services** – Revenue recognition is deferred and taken to the statement of financial performance over the period which the service is provided.
   ii) **Training services** – A sale is recorded and revenue is recognised at the time the service is provided.

   iv) **Projects** – For fixed price contracts, the stage of completion is measured by reference to time incurred to date as a percentage of estimated total time to complete each project. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus time spent on each contract.

All trade debtors are recognised at the amount receivable, as they are due for settlement no more than 120 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

i) **Inventories** – Finished goods and raw materials are stated at the lower of cost or net realisable value. Cost comprises direct materials only. Costs have been assigned to inventory quantities on hand at balance date using the first in first out basis.

j) **Depreciation of plant and equipment and amortisation of leasehold improvements** – Plant and equipment are depreciated and leasehold improvements are amortised over their estimated useful lives using the straight line method.

The expected useful lives of the assets are as follows:

Office equipment	3 – 5 years	Computer hardware and software	2 – 3 years
Motor vehicles	4 – 5 years	Leasehold improvements	40 years

k) **Leased assets** – A distinction is made between finance leases and operating leases. Finance leases effectively transfer substantially all the risks and benefits incidental to ownership of leased non-current assets from the lessor to the lessee, whereas in operating leases the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense. The leased asset is amortised on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Leased assets held at balance date are being amortised over periods ranging from 2 to 5 years.

Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased asset.

l) **Trade and other creditors** – These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

m) **Lease liabilities** – Lease liabilities are carried at their face value. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

n) Employee entitlements
   i) **Wages, salaries and annual leav**e – Liabilities for employee entitlements to wages and salaries are recognised, and are measured as the amount unpaid at balance date at current pay rates in respect of employee services up to that date. Liabilities for employee entitlements to annual leave are recognised, and are measured as the amount unpaid at balance date at nominal pay rates in respect of employee services up to that date.
   ii) **Long service leave** – Liabilities for long service leave are recognised, and measured as the present values of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match as closely as possible, the estimated future cash flows.
   iii) **Superannuation** – The consolidated entity participates in various employee superannuation plans, being accumulation plans. The benefits provided by an accumulation plan are based on the contributions and income thereon held by the plan on behalf of the member. Contributions to employee superannuation plans are charged as expenses when the contributions are paid or become payable.

o) **Cash** – For the purpose of the statements of cash flows, cash includes cash on hand, deposits held at call with banks and investments in money market instruments (net of bank overdrafts).

p) **Earnings per share**

(i) **Basic earnings per share** – Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year adjusted for bonus elements in ordinary shares issued during the year.

(ii) **Diluted earnings per share** – Diluted earnings per share adjusts the figures used in the determination of basic earnings per share. Diluted Earnings per share takes into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

q) **Rounding of amounts** – The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investment Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

r) **Share buy-back** – Shares bought back are brought to account by directly reducing the share capital account by the cost of acquisition of the shares. The cost of acquisition of the shares bought back comprises the purchase consideration plus costs incidental to the acquisition.

Refer to note 18 for further details of shares bought back in the year.

s) **Dividends** – A provision is made for the amount of any dividend on the date it is declared.

2 Revenue

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Revenue from ordinary activities				
Sale of goods	41,999	47,086	26,285	30,191
Services	4,559	4,959	106	143
	46,558	**52,045**	**26,391**	**30,334**
Revenue from outside the operating activities				
Interest	128	68	4,545	3,269
Sale of non-current assets	35	12	1	2
Other income	60	263	25	324
	223	**343**	**4,571**	**3,595**
Total Revenue	**46,781**	**52,388**	**30,962**	**33,929**

3 Profit from operating activities

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:				
Net gains				
Net gain on disposal of plant and equipment	-	2	1	2
Net gain on disposal of investments	-	-	-	325
Expenses				
Cost of revenue				
Goods	2,188	1,088	4,952	4,412
Services	1,925	2,018	67	72
Total costs of revenue	**4,113**	**3,106**	**5,019**	**4,484**
Net loss on foreign currency transactions	2,418	601	3,852	672
Net loss on disposal of plant and equipment	1	-	-	-
Depreciation				
Plant and equipment (note 9)	1,264	1,272	564	530
Total depreciation	**1,264**	**1,272**	**564**	**530**
Amortisation				
Leasehold improvements (note 9)	83	44	76	35
Plant and equipment under finance leases (note 9)	75	27	50	27
Goodwill	5,073	5,079	-	-
Technology acquisitions & licences	2,923	1,188	1,422	832
AltiumOne	181	15	181	15
Total amortisation	**8,335**	**6,353**	**1,729**	**909**
Other charges against assets				
Write down of inventories to net realisable value	72	66	67	44
Bad and doubtful debts	155	127	92	(57)
Borrowing costs				
Interest paid/payable	116	93	77	39
Finance charges relating to finance leases	28	6	17	6
Total borrowing costs	**144**	**99**	**94**	**45**
Other provisions				
Employee entitlements	193	194	112	184
Rental expense relating to operating leases	2,268	2,518	647	577
Research and development costs incurred	10,741	9,886	12,355	9,966
Less: amounts capitalised	(3,710)	(3,405)	(3,615)	(3,405)
Research and development costs expensed	**7,031**	**6,481**	**8,740**	**6,561**

4 Income tax

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
(a) Income tax expense for the financial year differs from the amount calculated on the profit (loss). The differences are reconciled as follows:				
Profit (loss) from ordinary activities before income tax expense	**(2,590)**	**3,654**	**(1,591)**	**6,360**
Income tax calculated at 30%	(777)	1,096	(477)	1,908
Tax effect of permanent differences:				
Research and development claim	(579)	(1,004)	(579)	(1,004)
Goodwill amortisation	1,522	1,524	-	-
Intellectual property amortisation	243	-	30	-
Exempt dividend	-	-	-	(98)
Sundry items	(247)	-	144	(1)
Income tax adjusted for permanent differences	**162**	**1,616**	**(882)**	**805**
Under (over) provision in prior year	1,133	(245)	303	(56)
Write-down of tax losses	2,801	-	-	-
Effect of different rates of tax on overseas income	290	30	-	-
Aggregate income tax expense (benefit)	**4,386**	**1,401**	**(579)**	**749**
(b) Tax losses recognised as a future income tax benefit in note 10	**1,083**	**5,418**	**-**	**643**
Tax losses recognised as a reduction of the deferred income tax liability in note 16	**1,327**	**-**	**1,327**	**-**
	2,410	**5,418**	**1,327**	**643**
The directors estimate that the potential future income tax benefit at June 30, 2003 in respect of tax losses not brought to account is:	**4,960**	**1,179**	**1,059**	**-**

The benefit for tax losses will be only obtained if:

(i) the consolidated entity derives future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the losses to be realised, or

(ii) the losses are transferred to an eligible entity in the consolidated entity, and

(iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and

(iv) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

5 Segment information

Primary reporting (geographic segments)

Although the consolidated entity's divisions are managed on a global basis they operate in four main geographical areas:

- **Australia** – The home country of the parent entity which is also the main operating entity. The areas of operation are design, development, and sale of computer software for the design of electronic products.
- **North America** – Comprises the sale of computer software for the design of electronic products throughout USA and Canada.
- **Europe** – Comprises the sale of computer software for the design of electronic products throughout Europe. The design and development of electronic products also occurs in this segment.
- **Asia** – Comprises the sale of computer software for the design of electronic products throughout Asia.

12 months to June 30, 2003

	Australia	North America	Europe	Asia	Other	Inter-segment eliminations/ unallocated	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales to customers outside the economic entity	1,275	21,327	17,908	5,404	644		46,558
Inter-segment sales	19,126	1,819	8,191	221	-	(29,357)	-
Other revenue	4,571	1,036	616	-	-	(6,000)	223
Total segment revenue	**24,972**	**24,182**	**26,715**	**5,625**	**644**	**(35,357)**	**46,781**
Segment result	**1,510**	**(1,248)**	**(413)**	**1,777**	**644**	**94**	**2,364**
Unallocated expenses							**(4,954)**
Profit from ordinary activities before income tax expense							**(2,590)**
Income tax expense							**(4,386)**
Net profit							**(6,976)**
Segment assets	**136,277**	**41,049**	**79,269**	**1,769**	**-**	**(115,143)**	**143,221**
Segment liabilities	**1,720**	**17,365**	**57,238**	**1,447**	**-**	**(62,367)**	**15,403**
Acquisitions of property, plant and equipment	452	57	360	19	-	(54)	834
Acquisitions of non-current assets	3,803	-	3,635	-	-	-	7,438
Depreciation and amortisation expense	2,293	2,573	4,708	25	-	-	9,599
Other non-cash expenses	4,233	(1,304)	(1,005)	170	-	-	2,094

12 months to June 30, 2002

Sales to customers outside the economic entity	891	24,056	18,287	7,899	912		52,045
Inter-segment sales	23,056	2,026	6,854	265	-	(32,201)	-
Other revenue	3,595	7,888	4,164	(351)	-	(14,953)	343
Total segment revenue	**27,542**	**33,970**	**29,305**	**7,813**	**912**	**(47,154)**	**52,388**
Segment result	**12,351**	**4,819**	**139**	**3,134**	**912**	**(9,698)**	**11,657**
Unallocated expenses							**(8,003)**
Profit from ordinary activities before income tax expense							**3,654**
Income tax expense							**(1,401)**
Net profit							**2,253**
Segment assets	**142,319**	**47,913**	**80,308**	**2,030**	**-**	**(121,026)**	**151,544**
Segment liabilities	**5,958**	**30,030**	**59,359**	**2,115**	**-**	**(80,473)**	**16,989**
Acquisitions of property, plant and equipment	698	88	123	18	-	-	927
Acquisitions of non-current assets	3,405	-	-	-	-	-	3,405
Depreciation and amortisation expense	5,130	1,916	551	28	-	-	7,625
Other non-cash expenses	137	(1,400)	1,185	88	-	(3)	7

Notes to and forming part of the segment information

(a) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the revised segment reporting Accounting Standard, AASB 1005 Segment Reporting. Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets (net of related provisions). Segment liabilities consist primarily of trade and other creditors and employee entitlements. Segment assets and liabilities do not include income taxes.

(b) Inter-segment transfers

Inter-segment transfers consist of the following types of transactions:

- research and development costs based on a notional mark-up on cost
- royalty costs for the use of intellectual property
- subsidiaries earn a return for a limited risk distribution function
- interest on intercompany loans

(c) Secondary reporting – business segments

The directors have determined the company does not operate in more than one business segment, as such no secondary reporting segment information has been presented.

6 Cash assets

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Cash at bank and on hand	**7,267**	**6,542**	**3,537**	**1,979**
The above figures are reconciled to cash at the end of the financial year as shown in the statements of cash flows as follows:				
Balances as above	7,267	6,542	3,537	1,979
Less: bank overdrafts (note 14)	-	(349)	-	-
Balances per statements of cash flows	**7,267**	**6,193**	**3,537**	**1,979**

7 Receivables

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Trade debtors	8,719	12,274	5,725	11,424
Less: provision for doubtful debts	(423)	(869)	(25)	(54)
	8,296	**11,405**	**5,700**	**11,370**
Other debtors	303	545	262	184
	8,599	**11,950**	**5,962**	**11,554**
Non Current				
Employee loans (Including director related entity loans; refer to note 28)*	946	142	946	142
Loan to subsidiaries**	-	-	59,348	67,182
	946	**142**	**60,294**	**67,324**

* The loans advanced are charged at the "benchmark interest rate" under the Fringe Benefits Tax Assessment Act 1986 (Cwlth) as at June 30, 2003 being 6.55% p.a. The above unsecured loans are for a five year term or repayable within thirty days of separation. There were no repayments made during the year.

** For terms and conditions of intercompany loans refer to note 28.

8 Inventories

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Raw materials and finished goods at cost	**367**	**401**	**316**	**339**

9 Property, plant and equipment

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Non current				
Plant and equipment at cost	3,154	5,889	1,589	2,644
Less: accumulated depreciation	(1,944)	(4,067)	(899)	(1,841)
	1,210	**1,822**	**690**	**803**
Leasehold improvements at cost	274	479	-	268
Less: accumulated depreciation	(31)	(257)	-	(193)
	243	**222**	**-**	**75**
Plant and equipment on lease	209	211	127	210
Less: accumulated amortisation	(118)	(87)	(54)	(87)
	91	**124**	**73**	**123**
Total property, plant and equipment	**1,544**	**2,168**	**763**	**1,001**

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

	Consolidated		Parent entity	
	Plant & equipment $'000	Leasehold improvements $'000	Leased plant & equipment $'000	Total $'000
Consolidated – 2003				
Carrying amount at July 1, 2002	1,822	222	124	2,168
Additions	571	85	-	656
Disposals	(36)	-	-	(36)
Additions from acquisitions (note 30)	97	18	63	178
Depreciation/amortisation expense (note 3)	(1,264)	(82)	(76)	(1,422)
Transfers	20	-	(20)	-
Carrying amount at June 30, 2003	**1,210**	**243**	**91**	**1,544**
Parent entity – 2003				
Carrying amount at July 1, 2002	803	75	123	1,001
Additions	451	1	-	452
Disposals	-	-	-	-
Depreciation/amortisation expense (note 3)	(564)	(76)	(50)	(690)
Carrying amount at June 30, 2003	**690**	**-**	**73**	**763**

During the year a number of fully depreciated assets which are no longer used have been written off. As these assets were fully written down there was no impact on the financial results of the consolidated entity.

10 Tax asset

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Income tax receivable	-	**1,612**	-	**300**
Non-current				
Income tax receivable	778	-	751	-
Future income tax benefit	1,540	6,183	631	1,128
	2,318	**7,795**	**1,382**	**1,428**

Refer to note 4 for future income tax benefit attributable to tax losses.

11 Intangible assets

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Non-current				
Goodwill	101,437	101,437	-	-
Less: accumulated amortisation	(13,042)	(7,970)	-	-
	88,395	**93,467**	**-**	**-**
Altium trademark	866	866	866	866
AltiumOne technology	1,032	542	1,032	542
Less: accumulated amortisation	(196)	(15)	(196)	(15)
	836	**527**	**836**	**527**
Acquired technology	27,447	23,886	12,500	12,480
Capitalised integration costs	10,023	6,419	9,279	5,770
Less: accumulated amortisation	(6,522)	(3,870)	(4,294)	(3,146)
	30,948	**26,435**	**17,485**	**15,104**
	121,045	**121,295**	**19,187**	**16,497**

In assessing the recoverable amounts of the company's non-current assets the directors have used the following assumptions:

Revenues – The consolidated entity has assumed growth rate of approximately between 4% and 7% for new and existing products.

Operating expenses – The consolidated entity has assumed annual growth in general expenses of 3.5%. The consolidated entity has also incorporated an expected level of research and development appropriate to new product releases and product life cycles.

Exchange rates – The consolidated entity used the following exchange rates for the major currencies, which it uses to conduct its business. These are spot rates as at June 30, 2003.

- US dollar – 0.6664
- Euro – 0.5827
- Japanese yen – 79.71

Tax expense – The consolidated entity has assumed a tax rate of 25% on profit before goodwill amortisation. This is lower than the corporate tax rate in Australia due to the company's investment in research and development and the associated tax incentives that the company receives through such investment, consideration of differing overseas tax rates, as well as tax losses which may be available to the consolidated entity.

The accounting policy of the consolidated entity is to assess expected net cash flows used in determining recoverable amounts on an undiscounted basis. In order to fully consider the effect of alternate valuation methodologies, the consolidated entity has also compared the undiscounted recoverable amount to a discounted basis using a discount rate of 11.75%. The rate is an average of discount rates used by share market analysts to assess the value of the consolidated entity's stock as listed on the Australian Stock Exchange.

Terminal value – The consolidated entity has assumed a terminal value based on multiple of sales in the final year of net cash flow analysis. The amount is discounted using the same discount rate applied above. The multiple used by the consolidated entity is 0.9 times sales. The analysis of sales multiples applied for valuation of selected listed technology companies in Australia is 2.6 times. Similar averages for listed competitors for the consolidated entity is 2.9 times.

12 Other assets

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Prepayments	810	918	220	204
Non-current				
Long term notes & deposits	325	333	-	-

13 Payables

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Trade creditors	4,043	4,354	2,280	4,528
Accrual for auditing	210	197	210	197
Loans from subsidiaries*	-	-	1,461	-
Other payables	20	370	2	20
	4,273	**4,921**	**3,953**	**4,745**

*For terms and conditions of intercompany loans refer to note 28.

14 Interest bearing liabilities

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Bank overdrafts	-	349	-	-
Lease liabilities (note 26)	102	36	44	36
	102	**385**	**44**	**36**
Non-current				
Lease liabilities (note 26)	**46**	**69**	**25**	**69**

The lease liabilities consist of finance leases for plant and equipment. Leases due within one year have a weighted average interest rate of 13.1% (2002: 17.94%).

Financing arrangements

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Credit standby arrangements				
Total facilities				
Bank overdrafts	**4,336**	**4,395**	**2,000**	**2,000**
Used at balance date: Bank overdrafts	-	349	-	-
Unused at balance date: Bank overdrafts	4,336	4,046	2,000	2,000

15 Provisions

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Employee entitlements	**1,424**	**1,293**	**690**	**640**
Non-current				
Employee entitlements	**250**	**186**	**250**	**186**

16 Deferred tax liabilities

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Non-current				
Deferred income tax	**3,722**	**3,475**	**3,579**	**4,655**

Refer to note 4 for future income tax benefit attributed to tax losses recognised as a reduction of the deferred income tax liability.

17 Other liabilities

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Current				
Unearned income	126	120	2	4
Deferred maintenance revenue	5,460	6,540	278	278
	5,586	**6,660**	**280**	**282**

18 Contributed equity

	Number of shares	Number of shares	Parent entity 2003 $'000	Parent entity 2002 $'000
(a) Shared capital (notes b, c)				
Ordinary shares fully paid	89,010,617	87,631,224	119,889	117,854

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price $	$'000
July 1, 2002	Opening balance	87,631,224		117,854
	Exercise of options – Protel International Limited Employee Option Plan	177,600	0.34	60
	Hoschar acquisition	2,000,000	1.17	2,340
	Share buy-back	(798,207)		(365)
June 30, 2003	**Balance**	**89,010,617**		**119,889**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. On June 30, 2003, there were 89,010,617 shares paid in full.

(d) Options

Information relating to the Protel International Limited Share Option Plan, Altium Option Plan, and Directors' Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in note 27.

(e) Share buy-back

On March 5, 2003, the company began purchasing and cancelling ordinary shares on-market. Total shares bought back of 798,207 represents 0.91% of shares outstanding at the beginning of the year. The buy-back is ongoing until March 4, 2004. The shares were acquired at an average price of $0.46 per share, with prices ranging from $0.40 to $0.52. The total cost of $365,286, including $719 of transaction costs, was deducted from shareholder equity.

19 Retained profits

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent entity 2003 $'000	Parent entity 2002 $'000
Retained profits at the beginning of the financial year		16,701	18,392	15,279	13,612
Net profit (loss) attributable to members of Altium Limited		(6,976)	2,253	(1,012)	5,611
Dividends paid or declared	21	(1,796)	(3,944)	(1,796)	(3,944)
Retained profits at the end of the financial year		**7,929**	**16,701**	**12,471**	**15,279**

20 Equity

	Note	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent entity 2003 $'000	Parent entity 2002 $'000
Total equity at the beginning of the year		134,555	135,582	133,133	130,802
Total changes in equity recognised in the statement of financial performance		(6,976)	2,253	(1,012)	5,611
Transactions with owners as owners:					
Contributions of equity, net of transaction costs	18	2,400	664	2,400	664
Share buy-back	18	(365)	-	(365)	-
Dividends provided for or paid	21	(1,796)	(3,944)	(1,796)	(3,944)
Total equity at the end of the financial year		**127,818**	**134,555**	**132,360**	**133,133**

21 Dividends

	Parent entity 2003 $'000	Parent entity 2002 $'000
Ordinary shares		
An ordinary dividend for the year ended June 30, 2002 of 2 cents (2001 - 4.5 cents) per share fully franked paid on October 4, 2002	1,796	3,944
Dividends provided for or paid	-	1,796
Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have declared the payment of a final dividend of 2 cents per share, unfranked. The proposed dividend expected to be paid on September 30, 2003 out of retained profits at June 30, 2003, but not recognised as a liability at year end	1,761	-
Franking credits (debits) available for the subsequent financial years	-	(442)

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
(a) franking credits that will arise from the payment of the current tax liability
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and
(d) franking credits that may be prevented from being distributed in subsequent financial years.

Legislation requiring companies to convert their existing Class C franking account balances from an underlying tax rate of 34% to an underlying tax rate of 30% on July 1, 2001 received Royal Assent on July 3, 2002. This legislation requires the balances of the franking account at July 1, 2001and all franking debits and credits arising on or after that date (including those relating to dividends) to be entered into the converted franking account using the new rate of 30%.

Further legislation took effect on July 1, 2002, under which the amount recorded in the franking account is the amount of income tax paid rather than franking credits based on after tax profits. Amounts debited to the franking account in respect of dividends paid after June 30, 2002 will be the franking credits attaching to those dividends rather than the gross amount of the dividends. In accordance with this legislation, the company's franking account balance as at June 30, 2003 would be converted to a balance of $Nil [2002: ($189,429)]. This change does not affect the level of franked dividends which could be paid by the company.

22 Financial instruments

(a) Credit risk exposures

The credit risk on financial assets of the company, which have been recognised on the balance sheet, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest rate risk exposures

The consolidated entity's exposures to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the company intends to hold fixed rate assets and liabilities to maturity.

2003

	Note	Floating interest rate $'000	Fixed interets rate maturities: 1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Financial assets							
Cash	6	4,766	-	-	-	2,501	7,267
Receivables	7	-	-	946	-	8,599	9,545
		4,766	-	**946**	-	**11,100**	**16,812**
Weighted average interest rate		1.3%	-	6.6%	-		
Financial liabilities							
Accounts payable	13	-	-	-	-	(3,539)	(3,539)
Financial lease liabilities	14,26	-	(102)	(46)	-	-	(148)
		-	**(102)**	**(46)**	-	**(3,539)**	**(3,687)**
Weighted average interest rate		-	13.1%	13.9%	-		
Net financial assets (liabilities)		**4,766**	**(102)**	**900**	-	**7,561**	**13,125**

2002

	Note	Floating interest rate $'000	Fixed interets rate maturities: 1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Non interest bearing $'000	Total $'000
Financial assets							
Cash	6	4,144	-	-	-	2,398	6,542
Receivables	7	-	-	-	-	12,092	12,092
		4,144	-	-	-	**14,490**	**18,634**
Weighted average interest rate		1.3%	-	-	-		
Financial liabilities							
Bank overdraft	6,14	(334)	-	-	-	(15)	(349)
Accounts payable	13	-	-	-	-	(4,724)	(4,724)
Financial lease liabilities	14,26	-	(36)	(69)	-	-	(105)
		(334)	**(36)**	**(69)**	-	**(4,739)**	**(5,178)**
Weighted average interest rate		5.3%	17.9%	17.9%	-		
Net financial assets (liabilities)		**3,810**	**(36)**	**(69)**	-	**9,751**	**13,456**

Net fair value of financial assets and liabilities

The net fair value of financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles. At balance date, the net fair value of financial assets and liabilities approximates their carrying values.

23 Directors' remuneration

	Directors of entities in the consolidated entity		Directors of the parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Income paid or payable to directors by entities in the consolidated entity and the related parties in connection with the management of affairs of the company or its controlled entities	3,233,811	2,222,654	1,538,209	1,413,213

Options are granted to directors under the Altium Option Plan and the Directors' Option Plan, details of which are set out in notes 27 & 28. Details of options granted to and exercised by directors during the year ended June 30, 2003 are set out in note 28. No directors' retirement benefits were paid during the year ended June 30, 2003. Key assumptions adopted as at the date of issue for valuing the options in the current year include risk free rate of interest (4.54%) and volatility of share price (53.36%).

The number of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

	2003	2002
Income of $0 to $9,999	1	1
Income of $30,000 to $39,999	1	-
Income of $70,000 to $79,999	1	-
Income of $80,000 to $89,999	-	1
Income of $120,000 to $129,999	1	-
Income of $140,000 to $149,999	-	1
Income of $160,000 to $169,999	-	1
Income of $180,000 to $189,999	1	-
Income of $210,000 to $219,999	1	-
Income of $250,000 to $259,999	-	1
Income of $260,000 to $269,999	-	1
Income of $400,000 to $409,999	1	-
Income of $490,000 to $499,999	1	1

24 Executives remuneration

Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by Australian-based executive officers (including directors) whose remuneration was at least $100,000:

	Executive officers of the consolidated entity		Executive officers of the parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Executive officers of the company	4,240,602	2,680,095	3,922,534	2,680,095

The amounts disclosed above include remuneration relating to options which represents the assessed fair values of options at the date they were granted to executive directors and other executives and apportioned over the vesting period. Fair values have been assessed using a Black-Scholes based option-pricing model. Factors taken into account by this option-pricing model include the exercise price, the term of the option and the market value of the share at the time the options were granted. Key assumptions adopted as at the date of issue for valuing the options in the current year include risk-free rate of interest (4.54%) and volatility of share price (53.36%).

The number of Australian-based executive officers (including directors) whose remuneration from entities in the consolidated entity was within the specified bands are as follows:

	Executives of entities in the consolidated entity		Executives of entities in the parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Income of $100,000 to $109,999	5	5	5	5
Income of $110,000 to $119,999	2	4	2	4
Income of $120,000 to $129,999	3	2	3	2
Income of $130,000 to $139,999	1	2	1	2
Income of $140,000 to $149,999	2	-	2	-
Income of $150,000 to $159,999	2	-	2	-
Income of $160,000 to $169,999	1	1	1	1
Income of $180,000 to $189,999	3	-	3	-
Income of $190,000 to $199,999	1	-	1	-
Income of $210,000 to $219,999	1	-	1	-
Income of $250,000 to $259,999	-	1	-	1
Income of $260,000 to $269,999	-	1	-	1
Income of $310,000 to $319,999	1	-	-	-
Income of $400,000 to $409,999	1	-	1	-
Income of $490,000 to $499,999	1	1	1	1

Options are granted to executives under the Protel International Limited Employee Option Plan and the Altium Option Plan, details of which are set out in note 27 and 28. A summary of the number of options granted to and exercised by Australian-based executive officers (with income of at least $100,000) for the year ended June 30, 2003 is set out below:

	Opening balance (number)	Granted (number)	Exercised (number)	Outstanding at year end (number)
Australian-based executives officers of the company	3,116,250	1,853,700	-	4,969,950

25 Remuneration of auditors

	Consolidated entity		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
During the year the auditor of the parent entity and its related practices earned the following remuneration:				
PricewaterhouseCoopers – Australian firm				
Audit or review of financial reports of the entity or any entity in the consolidated entity	264,000	248,480	264,000	105,400
Other services				
- Other assurance services	32,416	95,042	32,416	95,012
- Taxation compliance, consulting and advisory services	10,540	489,820	10,540	489,820
	42,956	**584,862**	**42,956**	**584,832**
Total remuneration	**306,956**	**833,342**	**306,956**	**690,232**
Related practices of PricewaterhouseCoopers Australian firm (including overseas PricewaterhouseCoopers firms)				
Audit or review of financial reports of the entity or any entity in the consolidated entity	15,036	22,584	-	-
Other services				
- Other assurance services	48,197	50,580	-	-
- Legal services	54,853	61,189	54,853	61,189
- Taxation compliance, consulting and advisory services	374,460	576,200	-	-
	477,510	**687,969**	**54,853**	**61,189**
Total remuneration	**492,546**	**710,553**	**54,853**	**61,189**
Total PricewaterhouseCoopers remuneration	**799,502**	**1,543,895**	**361,809**	**751,421**

From time to time the company will employ accountants to provide consulting services. The company and its combined controlled entities have a policy of seeking competitive tender for all major projects. Amounts in excess of $20,000 must be approved by the Audit Committee.

26 Commitments for expenditure

	Consolidated entity		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Lease commitments				
Operating leases				
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	1,753	1,543	443	150
Later than 1 year but not later than 5 years	2,692	926	1,281	36
	4,445	**2,469**	**1,724**	**186**
Representing:				
Non-cancellable operating leases	**4,445**	**2,469**	**1,724**	**186**
Finance leases				
Commitments in relation to finance leases are payable as follows:				
Not later than one year	115	53	53	53
Later than 1 year but not later than 5 years	49	80	27	80
Minimum lease payments	**164**	**133**	**80**	**133**
Less: future finance charges	(16)	(28)	(11)	(28)
Provided for in accounts	**148**	**105**	**69**	**105**
Representing lease liabilities:				
Current (note 14)	102	36	44	36
Non-current (note 14)	46	69	25	69
	148	**105**	**69**	**105**

27 Employee entitlements

	Consolidated entity		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Employee entitlement liabilities				
Provision for employee entitlements				
Current (note 15)	1,424	1,293	690	640
Non-current (note 15)	250	186	250	186
Aggregate employee entitlement liability	**1,674**	**1,479**	**940**	**826**

	2003 $	2002 $	2003 $	2002 $
Estimated value of options issued to all employees including directors	**2,735,605**	**208,850**	**1,943,999**	**118,523**

These estimate values are based on options issued during the period to employees and directors as such no vested options are included in the above calculation.

These estimated values have been assessed using a Black-Scholes based option-pricing model. Factors taken into account by this option-pricing model include the exercise price, the term of the option and the market value of the share at the time the options were granted. The company acknowledges that while these estimates are based on the Black-Scholes option-pricing model, the valuation will vary widely due to fluctuations in the company's share price.

	Consolidated entity		Parent entity	
	2003 Number	2002 Number	2003 Number	2002 Number
Employee numbers				
Average number of employees during the financial year	270	302	120	129

Options

The company has the following share option plans:

i) Protel International Limited Employee Option Plan
ii) Altium Option Plan
iii) Directors' Option Plan

Date of Issue	Nov 27 2002	Nov 19 2002	Nov 11 2002	Oct 30 2002	Oct 23 2002	July 10 2002	Dec 4 2001
On issue at the beginning of the year	-	-	-	-	-	-	123,000
Issued during the year	71,250	289,580	96,815	8,400	3,075,170	400,000	-
Exercised during the year	-	-	-	-	-	-	-
Expired during the year	(20,250)	(7,570)	-	-	(162,975)	-	-
Outstanding at balance date	51,000	282,010	96,815	8,400	2,912,195	400,000	123,000
Number of recipients	6	71	12	2	158	2	2
Exercise price	$1.34	$1.34	$1.34	$1.34	$1.34	$1.17	$3.56
Exercise period	Nov 2003 to Nov 2007	Nov 2003 to Nov Nov 2007	Nov 2003 to Nov 2007	Oct 2003 to Oct 2007	Oct 2003 to Oct 2007	July 2003 to July 2007	Dec 2002 to Dec 2006
Expiration date	Nov 27 2007	Nov 19 2007	Nov 11 2007	Oct 30 2007	Oct 23 2007	July 10 2007	Dec 4 2006

Date of Issue	Nov 7 2001	Oct 12 2001	Nov 20 2000	Sep 29 2000	June 9 1999	Aug 4 1999	Total
On issue at the beginning of the year	1,061,450	1,656,160	1,440,000	1,395,650	2,474,000	177,600	8,327,860
Issued during the year	-	-	-	-	-	-	3,941,215
Exercised during the year	-	-	-	-	-	(177,600)	(177,600)
Expired during the year	(192,750)	(93,500)	-	(86,500)	(178,000)	-	(741,545)
Outstanding at balance date	868,700	1,562,660	1,440,000	1,309,150	2,296,000	-	11,349,930
Number of recipients	60	71	3	66	136	83	
Exercise price	$4.20	$4.20	$5.50	$5.50	$3.42	$0.34	
Exercise period	Nov 2002 to Nov 2006	Oct 2002 to Oct 2006	Nov 2001 to Nov 2005	Sept 2001 to Sept 2005	June 2001 to June 2005	Aug 2001 to June 2004	
Expiration date	Nov 12 2006	Oct 12 2006	Nov 11 2005	Sept 29 2005	June 9 2005	June 18 2004	

The market price per ordinary share at balance date was $0.39.

Options exercised during the financial year and number of shares issued to employees on the exercise of options:

		Consolidated	
Exercise date	Fair value of shares at issue date ($)	2003 Number	2002 Number
July 2, 2001	4.99	-	6,500
July 20, 2001	5.11	-	3,000
July 30, 2001	4.80	-	56,000
August 8, 2001	4.89	-	2,500
August 14, 2001	5.07	-	2,750
August 15, 2001	5.09	-	73,500
August 20, 2001	5.10	-	3,500
September 13, 2001	4.26	-	1,750
September 14, 2001	4.45	-	7,500
September 25, 2001	4.01	-	5,000
October 4, 2001	4.31	-	3,000
October 8, 2001	4.42	-	17,500
October 19, 2001	4.45	-	2,750
October 26, 2001	4.20	-	3,500
November 5, 2001	4.30	-	4,250
December 31, 2001	2.62	-	1,250
July 29, 2002	1.23	177,600	-
		177,600	**194,250**

The fair value of shares issued on the exercise of options is the market close price at which the shares were traded on the Australian Stock Exchange on the exercise date.

	Consolidated	
	2003 $	2002 $
Options vested at reporting date	3,707,155	2,067,514

	Consolidated	
	2003 $	2002 $
Aggregate proceeds received from employees on the exercise of options and recognised as issued capital	60,384	643,905
Fair value of shares issued to employees on the exercise of options as at their issue date	218,448	901,165

Altium Option Plan
The board of directors approved the establishment of the Altium Option Plan in June 1999. All employees (excluding executive directors) of Altium Limited and its subsidiaries are eligible to participate in the plan. An executive director (Darren Charles) holds options in this plan; these options were issued to him prior to becoming an Executive Director on July 9, 2001. Invitations for employees to participate are determined at the discretion of the directors of the company.

A total of 12,348,175 options (2002: 8,406,960) have been granted under the plan to eligible employees as at June 30, 2003. Each option is convertible into one ordinary share. Conversion can occur no earlier than the first anniversary of the date on which the options were granted. The exercise price payable upon conversion is fixed.

Directors' Option Plan
For details see note 28.

Options are granted for no consideration. The amount received on the exercise of options is recognised as issued capital at the date of issue of the shares.

28 Related party information

Directors
The names of persons who were directors of Altium Limited at any time during the year were are as follows: Carl J Rooke; Nicholas M Martin; Kayvan Oboudiyat; William A Bartee; Darren Charles; Bruce W Edwards; David M Warren and Dr Steven G Duval.

Information on remuneration of directors is disclosed in note 23 to the accounts.

	Parent entity	
Transactions of directors and director-related entities concerning shares or share options	2003 $'000	2002 $'000
Aggregate number of shares and share options acquired or disposed of by directors of Altium Limited or their director-related entities:		
Acquisitions		
Ordinary shares	1,100,000	230,000
Options	175,000	-
Disposals		
Ordinary shares	1,000,000	152,200
Options	-	19,000
Aggregate numbers of shares and share options held directly, indirectly, or beneficially by directors of Altium Limited or their director-related entities at balance date:		
Ordinary shares	29,365,790	29,265,790
Options over ordinary shares	1,806,250	1,731,250

Directors' Option Plan

The Board of Directors approved the establishment of the Directors' Option Plan in October 2000. The Board may offer options to any director of Altium Limited (excluding Nicholas M Martin). Before issuing options to directors, the Board will need to seek shareholder approval in accordance with ASX Listing Rule 10.14.

The Directors' Option Plan is based on the Altium Option Plan, subject to changes required due to the fact that options are being issued to directors rather than employees.

When the Board is exercising its discretion in respect of the Directors' Option Plan a director will not be able to vote if the exercise of the discretion relates to options or shares in the company which will be issued to that director.

A total of 1,440,000 options were granted to directors after approval was given at the November 2000 annual general meeting. Each option is convertible into one ordinary share. Conversion can occur no earlier than the first anniversary of the date on which the options were granted being November 20, 2001. The last exercise date for these options is November 20, 2005. The exercise price payable upon conversion is fixed at $5.50.

Loans to directors and director-related entities
During the period unsecured loans were extended to a director-related entity of Darren Charles – Chief Financial Officer ($54,074, including interest of $1,457) and a director-related entity of Nicholas M Martin – Joint Chief Executive Officer ($175,731, including interest of $8,206). The loans advanced are charged at the "benchmark interest rate" under the Fringe Benefits Tax Assessment Act 1986 (Cwlth) as at June 30, 2003 being 6.55% p.a. The above unsecured loans are for a five year term or repayable within thirty days of separation. There were no repayments made during the year. Interest revenue on the loans included in the determination of profit from ordinary activities before income tax was in the amount of $9,663.

Transactions with and amounts payable to directors and director-related entities
A director, Carl J Rooke, is a partner in Horwath Tas Pty Limited. Horwath Tas has provided accounting services and sub-leased office space to Altium Limited for several years on normal commercial terms and conditions. The total amounts paid during the year total $26,180 (2002: $43,608). The aggregate amounts payable at balance date to a director, Carl J Rooke was $800 (2002: $-).

Remuneration of director-related entities
Related entities of directors employed by any company in the consolidated entity are paid on normal commercial terms and conditions.

Wholly-owned group
The wholly-owned group consists of Altium Limited, the ultimate parent entity, and its wholly-owned controlled entities, Altium Inc, Altium Japan KK, Protel AG (formerly Altium Europe AG), Altium Netherlands BV, Altium BV, Altium Germany GmbH, Tasking Srl, Altium Limited (UK). Ownership interests in these controlled entities are set out in note 29.

Transactions between Altium Limited and other entities in the wholly-owned group during the year ended June 30, 2003 and 2002 consisted of:

(a) Supply of computer software for sale by Altium Limited;
(b) Purchase of computer software for sale from Altium Limited;
(c) Loans advanced by Altium Limited and interest received thereon;
(d) Loans repaid to Altium Limited;
(e) Purchase of research and development services by Altium Limited;
(f) Supply of finance, administration and marketing services by Altium Limited; and
(g) Payments for royalties in exchange for use of intellectual property.

The above transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of principal on loans advanced by Altium Limited. The average interest rate charged on the loans during the year was 7.02% (2002: 6.7%).

	Parent entity	
Transactions of directors and director-related entities concerning shares or share options	**2003 $'000**	**2002 $'000**
Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with entities in the wholly-owned group:		
Interest revenue	4,455	3,247
Aggregate amounts receivable from and payable to entities in the wholly-owned group at balance date:		
Current receivables		
Trade debtors	4,116	8,517
Other	-	11
Non-current receivables		
Loans	59,348	67,182
Current payables		
Trade creditors	26	2,815
Loans	1,461	219

29 Investments in controlled entities

	Parent entity	
	2003 $'000	**2002 $'000**
Shares in subsidiaries	**49,520**	**43,420**

(a) Investments in controlled entities comprises:

Name of entity	Country of incorporation	Equity holding		Investment in subsidiary	
		2003 %	**2002 %**	**2003 $'000**	**2002 $'000**
Altium Netherlands BV	Netherlands	100	100	22,937	22,422
- Altium BV	Netherlands	100	100	72,656	72,656
- Altium Limited UK	UK	100	100	-	-
- Tasking Srl *	Italy	100	100	91	91
- Boston Systems Office Limited	UK	100	100	-	-
Altium, Inc.	USA	100	100	22,954	19,709
Altium Germany GmbH	Germany	100	100	3,415	1,075
Protel AG (formerly Altium Europe AG)	Switzerland	100	100	100	100
Altium Japan KK	Japan	100	100	114	114

* Tasking Srl is in liquidation as at year end.

30 Acquisition of business

Details of acquisitions made in the current financial year are set out below:

On July 10, 2002, Altium Germany GmbH acquired the EDA business of Hoschar AG for $875,086 in cash and $2,340,000 in shares of Altium Limited.

Fair value of identifiable net assets acquired	**2003 $'000**
Intangible assets	3,540
Tangible fixed assets	115
Leased assets	63
Lease liabilities	(158)
Provision for leave	(57)
Net assets	**3,503**
Funded by:	
Cash consideration	875
Altium Limited share issue (note 18)	2,340
Transaction costs	288
	3,503

There were no businesses acquired in the previous financial year.

31 Cash flow information

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Reconciliation of operating profit after income tax to net cash inflows from operating activities				
Operating profit after income tax	(6,976)	2,253	(1,012)	5,611
Depreciation and amortisation	9,599	7,625	2,293	1,439
Net (gain) loss on disposal of assets	1	(2)	(1)	(2)
Unrealised foreign exchange differences	3	20	3,043	-
Net (gain) on disposal of investments	-	-	-	(325)
Other	4	-	-	-
Change in operating assets and liabilities, net of effects from purchase of controlled entities				
Decrease in trade and other debtors	2,484	3,838	4,788	5,076
Decrease in inventories	34	134	23	16
Decrease (increase) in prepayments and other assets	115	(258)	(16)	(156)
Decrease (increase) in future income tax benefit	4,643	(1,064)	497	(685)
(Decrease) increase in trade and other creditors and employee entitlements	(1,890)	(4,053)	(2,254)	(797)
(Decrease) increase in deferred income tax	247	1,252	(1,076)	1,496
(Decrease) increase in income tax receivable	834	(2,604)	(451)	(1,702)
Increase other provisions	365	-	113	-
Net cash inflows from operating activities	**9,463**	**7,141**	**5,947**	**9,971**
Non-cash financing and investing activities				
Acquisition of businesses by issue of ordinary shares (note 30)	2,340	-	2,340	-
Capitalisation of loans to commonly controlled entities	-	-	3,760	-
Acquisitions of assets under finance lease (note 10)	-	127	-	127

32 Foreign currency

The amounts listed below represent assets and liabilities converted to Australian dollars that are receivable or payable in foreign currencies. These amounts have not been hedged.

	Consolidated		Parent entity	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Receivables				
Current				
US dollar	4,163	6,250	2,476	6,829
Japanese yen	548	711	810	459
Euro	3,382	4,763	1,285	1,765
British pounds	339	368	339	339
Swiss francs	182	178	684	1,464
Total current	**8,614**	**12,270**	**5,594**	**10,856**
Non-current				
Swiss francs	97	104	2,722	-
US dollar	170	37	8,612	15,948
Japanese yen	-	192	-	-
Euro	58	-	48,014	51,234
Total non-current	**325**	**333**	**59,348**	**67,182**
Total receivables	**8,939**	**12,603**	**64,942**	**78,038**
Payable				
Current				
US dollar	398	902	225	14
Euro	1,174	2,032	63	3,283
Japanese yen	162	98	-	-
British pounds	4	46	17	45
Swiss francs	91	24	-	8
Hong Kong dollars	4	-	4	-
Total current	**1,833**	**3,102**	**309**	**3,350**
Non-current				
Euro	80	-	-	-
Swiss francs	-	-	1,461	-
Total non-current	**80**	**-**	**1,461**	**-**
Total payables	**1,913**	**3,102**	**1,770**	**3,350**

33 Earnings per share

	Consolidated 2003 cents	Consolidated 2002 cents
Basic earnings per share	(7.8)	2.6
Diluted earnings per share	(7.8)	2.6

	2003 number	2002 number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	89,700,307	87,611,472
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	89,700,307	87,769,530

	2003 $'000	2002 $'000
Earnings used for basic and diluted earnings per share	(6,976)	2,253
Net profit/(loss) per statements of financial performance	(6,976)	2,253

Information concerning the classification of securities

Options

Options granted under the Altium Option Plan and the Directors' Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent that the current share price is greater than the exercise price of the outstanding options. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in notes 27 & 28.

Directors' declaration

The directors declare that the financial statements and notes thereon of Altium Limited (ACN 009 568 772) set out on pages 34 to 66:

(a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and

(b) give a true and fair view of the company's and consolidated entity's financial position as at June 30, 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

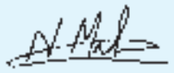
(a) the financial statements and notes are in accordance with the Corporations Act 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

For and on behalf of the Board

Kayvan Oboudiyat
Director and Joint Chief Executive Officer



Nicholas M Martin
Director and Joint Chief Executive Officer

Darren Charles
Director and Chief Financial Officer

Sydney
September 1, 2003

Independant audit report

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street

GPO BOX 2650
SYDNEY NSW 1111
DX77 Sydney
Australia
www.pwcglobal.com/au
Telephone +61 2 8266 0000
Facsimile +61282669999

Independent audit report to the members of Altium Limited (ACN 009 568 772)

Audit opinion

In our opinion, the financial report of Altium Limited:

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Altium Limited and the Altium Group (defined below) as at June 30, 2003, and of their performance for the year ended on that date, and
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Altium Limited (the company) and the Altium Group (the consolidated entity), for the year ended June 30, 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an annual report, our procedures include reading the other information in the annual report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PricewaterhouseCoopers

Rod D Dring
Partner

Sydney
September 1, 2003

Shareholder information

It's our fundamental and unchanging commitment to making state-of-the art design technology accessible to every engineer that has driven us since the company's inception. To date, this vision has been achieved through a consistent focus on developing desktop software tools that cover a broad range of electronic design technologies and that are easy to learn, use and afford.
We wish to thank all of our stakeholders in this enterprise: team members, partners, customers and you, our shareholders, for your ongoing support for this mission.

Delivering sustainable growth

Our ongoing goal is to develop, market and support computer software products and technologies that help all electronic engineers, designers and developers to turn their design ideas into products in the easiest and most productive way. Combined with a robust business model, our commitment to this vision continues to be central to delivering sustainable growth for investors over the long term.

Information for shareholders

The shareholder information set out below was applicable as at September 12, 2003.

A. Distribution of equity securities

Analysis of equity security holders by size of holding: Altium held only one class of equity security – ordinary shares.

Range	No. of shareholders	No. of option holders
1 – 1,000	771	0
1,001 – 5,000	1,278	21
5,001 – 10,000	377	46
10,001 – 100,000	360	154
>100,000	60	25
Total	**2,846**	**246**

There were 342 holders of a less than marketable parcel of ordinary shares.

B. Equity security holders

The twenty largest quoted equity security holders are set out below:

Rank	Name of holding	No. of shares held	Percentage of issued shares
1	N & M Martin Holdings Pty Ltd <Martin Family A/C>	12,586,500	14.29
2	Protel Systems Pty Limited	12,340,000	14.01
3	J P Morgan Nominees Australia Limited	7,010,943	7.96
4	IOOF Investment Management Limited	6,482,373	7.36
5	National Nominees Limited	4,605,343	5.23
6	Citicorp Nominees Pty Limited <Cfs Developng Companies A/C>	2,748,467	3.12
7	Mirkazemi Holdings Pty Limited	2,603,000	2.96
8	Fortis Clearing Nominees P/L <Settlement A/C>	1,381,112	1.57
9	ANZ Nominees Limited	1,347,620	1.53
10	Queensland Investment Corporation	1,345,991	1.53
11	RBC Global Services Australia Nominees Pty Limited <De A/C>	1,312,604	1.49
12	RBC Global Services Australia Nominees Pty Limited <Pp A/C>	1,256,769	1.43
13	Zentel Pty Limited	1,018,000	1.16
14	Zentel Pty Ltd	1,000,000	1.14
15	Government Superannuation Office <State Super Fund A/C>	775,339	0.88
16	Cogent Nominees Pty Limited	646,518	0.73
17	Westpac Custodian Nominees Limited	624,783	0.71
18	N & M Martin Holdings Pty Ltd	602,500	0.68
19	Victorian Workcover Authority	579,233	0.66
20	Ultrechtse Participatiemaatschappij B V <Account 1>	561,154	0.64

C. Unquoted equity securities

	No. of options on issue	No. of holders
Employees	9,416,780	242
Directors	1,806,250	4
Total options on issue	**11,223,030**	**246**

D. Substantial shareholders

The substantial holders in the company are set out below:

Rank	Name of holding	No. of shares held	Percentage
1	Nicholas M Martin	22,444,000	25.49
2	Deutsche Bank	7,187,852	8.16
3	Portfolio Partners Limited	7,142,674	8.11
4	Perennial Investment Partners Limited	6,422,284	7.29
5	David M Warren	5,403,000	6.14
Total		**48,599,810**	**55.20**

E. Voting rights

a) **Ordinary shares:** On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll shall have one vote for each share represented.

b) **Options:** No voting rights.

F. Share buy-back

Altium Limited is currently undertaking a 12 month on-market buy-back expected to continue until March 2004. During the last financial year Altium bought back 798,207 shares at a cost of $364,568.

Subsequent to year end Altium has bought back a further 961,158 shares at a cost of $518,355.

G. Securities subject to escrow

No shares are currently subject to escrow. The two million shares previously subject to voluntary escrow as part of the Hoschar acquisition have now been released (one million in January 2003 and the balance in July 2003).

Information for shareholders

Altium major announcements to the ASX

Date	Headline
2/7/2002	Confirms full year sales results meet expectations
16/7/2002	Acquires Hoschar EDA business
17/7/2002	Appendix 3B – Part acq. of Hoschar AG
22/7/2002	Announces release of Protel DXP
29/8/2002	Newsletter to shareholders
29/8/2002	Presentation of annual results
5/9/2002	2 million shares placed in voluntary escrow re: Acquisition of Hoschar
10/9/2002	Full year results
10/9/2002	Preliminary final report
10/9/2002	Presentation to shareholders/analysts
12/9/2002	Independent audit report re: Preliminary final rep (10/09/02)
1/10/2002	Disclosure document re: Issue of options to Altium employees
23/10/2002	Annual report/top20
24/10/2002	Notice of Annual General Meeting
29/10/2002	P-CAD 2002 offers PCB specialists unprecedented control
12/11/2002	Release of new product line – nVisage
26/11/2002	Chairman's AGM address to shareholders/director appt
26/11/2002	Results of Annual General Meeting & constitution
27/11/2002	Additional non-executive director appointment – Dr Steven G Duvall
9/12/2002	Shareholder newsletter #3 2002
24/12/2002	Release of shares from voluntary escrow
17/2/2003	Announcement preliminary results & share buy-back
17/2/2003	Clarification of preliminary half-year results
17/2/2003	Shareholder newsletter
7/3/2003	Half yearly report
10/3/2003	Half yearly results investor presentation
14/3/2003	Half year accounts
10/4/2003	Progress report & profit forecast
27/5/2003	Form 284 – notification of share cancellation resulting from on-market buy-back
27/6/2003	Form 284 – notification of share cancellation resulting from on-market buy-back
15/7/2003	Preliminary full year results 2003 revenue on target
25/8/2003	Further details of preliminary 2002/03 results
2/9/2003	Form 284 – notification of share cancellation resulting from on-market buy-back
2/9/2003	Preliminary final report & full year accounts

Notice of Annual General Meeting

Date: Tuesday 25 November 2003
Time: 3.30pm
Venue: Dorothea Mackellar Room
Sydney Harbour Marriott Hotel
(Formerly the Renaissance Hotel)
30 Pitt Street, Circular Quay, Sydney NSW 2000

Inquiries about your shareholding

Please contact Computershare for all questions in relation to your shareholding, dividends, share transfers and monthly holding statements. See Directory in this report for contact details.

Website: www.computershare.com
Access to forms: https://www-au.computershare.com/Investor/FormsCatalogue.asp
Access to FAQs: http://www-au.computershare.com/Investor/FAQs.asp

Altium shareholder communications

Altium publishes information to its shareholders in the form of a newsletter, in conjunction with the annual report and media releases. Copies of this and other information can be found on the Investor Relations section of our website: www.altium.com/investors

Inquiries about Altium Limited

Email: investor.relations@altium.com.au
Website: www.altium.com

Directory

Directors

Carl J Rooke
Non-Executive Chairman

Nicholas M Martin
Founder & Joint Chief Executive Officer

Kayvan Oboudiyat
Joint Chief Executive Officer

Darren Charles
Executive Director & Chief Financial Officer

David M Warren
Executive Director

Bruce W Edwards
Executive Director

William A Bartee
Non-Executive Director

Dr Steven G Duvall
Non-Executive Director

Company secretary

Kayvan Oboudiyat

Registered office

Altium Limited
Level 3, 12a Rodborough Road
Frenchs Forest NSW 2086 Australia

ACN: 009 568 772
Phone: +61 2 9975 7710
Fax: +61 2 9975 7720

Email: investor.relations@altium.com.au
Website: www.altium.com

Auditors

PricewaterhouseCoopers
Darling Park
Tower 2 – 201 Sussex Street
Sydney NSW 2000 Australia

Solicitors

PricewaterhouseCoopers Legal
Darling Park
Tower 2 – 201 Sussex Street
Sydney NSW 2000 Australia

Share registry

Computershare
Level 3, 60 Carrington Street
Sydney NSW 2000 Australia

Computershare Investor Services Pty Limited
GPO Box 7045
Sydney NSW 1115 Australia

(Investor/general enquiries)
Phone: (AUS) 1300 85 50 80
Phone: (O/S) +61 (0)2 8234 5000
Fax: +61 (0)2 8234 5050

Email: Sydney.Services@Computershare.com.au
Website: www.computershare.com

Stock exchange listing

Australia Stock Exchange Limited
ASX Code: ALU

Changed your address?

Whenever you change your address it is important to notify the share registry. This can be done in one of two ways. Either write or fax the share registry, quoting your shareholder number, old address, current address and signature, or visit the registry website and download a change of address form. This form can be found at: https://www-au.computershare.com/Investor/FormsCatalogue.asp

Glossary

ASIC

An ASIC (Application Specific Integrated Circuit) is a custom-designed IC (Integrated Circuit) targeted for a specific application.

Assembly (of PCBs)

Assembly is the process of fitting and soldering the various components to the PCB. This is typically done in a production line using automated assembly machines.

Board-level design

The process of designing electronic circuits using off-the-shelf components fitted to a printed circuit board is often referred to as board-level design.

Chip

An electronic circuit that is constructed on a small, thin piece (chip) of semiconducting material such as silicon. Electronic components and the connections between them are made by a process that involves etching the silicon and/or depositing other materials onto the silicon. The completed semiconductor circuit is usually encased in a plastic or ceramic package with metal legs that allow the chip to be mounted on a printed circuit board. Chips are also known as microchips or Integrated Circuits (ICs).

Computer Aided Manufacturing (CAM) tools

Computer Aided Manufacturing tools are software tools that enable PCB designers to prepare their design data and produce the files necessary for the manufacture and assembly of the printed circuit boards.

Design Explorer / DXP

DXP (Design Explorer) is Altium's proprietary software integration platform which enables the seamless integration of tools and technologies. It will be used as the platform for most Altium products in the future.

Design entry or design capture

The process of using a computer to create a new design of any type – chip, board, module, or system – using textual (such as hardware description languages) and/or graphical tools (such as schematic capture tools). Also referred to as design capture.

Electronics design

This is a broad term used to describe the complete process of developing electronic circuitry.

Electronic Design Automation (EDA)

The use of computers to enhance and aid the design and development of complex electronic systems.

Electronic Design Automation (EDA) industry

The industry which is involved in developing and supplying highly specialised software and hardware-based tools for the automated design of electronic products of all kinds. EDA products are essential for the design of electronic products that enable many other high-tech sections of the economy, such as computers, communications, consumer, industrial, military/aerospace, semiconductors, and transportation.

Embedded software

Software that is embedded into and controls an electronic system based on a microprocessor or microcontroller.

Fabrication (of PCBs)

The process of creating the bare printed circuit boards used in the creation of electronic products is called PCB fabrication. The process typically involves etching sheets of copper-covered insulating material to form the tracks and pads used to connect electronic components together. In more complex PCBs, several of these etched sheets are layered to form the complete circuit board.

FPGA

A Field-Programmable Gate Array (FPGA) is a chip containing a large number of logic cells or gates that can be programmed or configured after the IC has been manufactured. Some can only be configured once (fuse-programmed FPGAs) while others can be erased and configured many times (EPROM-based FPGAs). They are often used for the initial design of specialised ICs (ASICs) that will later be produced in large quantities as hard-wired ICs.

Integrated Circuit (IC)

See Chip

Layout (of PCBs)

The process of designing the printed circuit board, as distinct from designing the electronic circuit that goes on the printed circuit board, is often referred to as PCB layout. The process typically involves using specialised graphical software to 'draw' the copper areas for each layer of the PCB. The resultant files produced by the software allow a PCB manufacturer to fabricate the board.

Microcontroller

A microcontroller or microcontroller unit (MCU) is essentially a computer on a chip. It is a single chip that incorporates a microprocessor, memory, and peripheral circuits. In many embedded systems, the microcontroller may well be the only chip in the design. Hundreds of millions of microcontrollers are used each year for myriad electronic devices and applications from automobiles to children's toys.

Microprocessor

A microprocessor is an integrated circuit that is designed to process digital numbers under the direction of a specifically written program or software. Microprocessors form the heart of desktop computers and embedded computer systems and perform all the necessary processing tasks of the system. Since the introduction of the first generation microprocessors (such as Intel's 8080, Zilog's Z80, Motorola's 6800 and Rockwell's 6502) the number of transistors on a microprocessor chip has grown from a couple of thousand to tens of millions as the standard today.

PCB

A Printed Circuit Board is a flat board that holds chips and other electronic components. The board is made of alternating layers (typically 2 to 10) of copper and plastic (usually impregnated with glass fibres for strength). The copper layers are etched to provide pads and tracks that interconnect the electronic components mounted on the board. The main printed circuit board in a system is called a "system board" or "motherboard", while smaller ones that plug into the slots in the main board are called "daughter boards" or "cards".

PCB design

Most electronic products are based on PCBs. The design involves 'capturing' a circuit in a diagram, transferring component and connectivity information to a design program, laying out and routing the board, then providing the files necessary for manufacture and assembly.

Point tool

Market-speak for an EDA tool that only performs one function or is aimed at only one part of the design process.

Programmable chip

Unlike a standard IC that is manufactured to perform a fixed function, the function of a programmable chip is defined by the engineer using it. Programmable chips contain a large number of basic electronic components or logic blocks. Initially these components inside the chip are not connected. Programming the chip connects the components together to form the desired circuit. Programmable chips enable designers to integrate onto a single programmed chip the functions that would usually require the interaction of many discrete components.

Routing

The process of automatically placing tracks on the PCB to connect the various components that form the circuit.

Schematic capture

The process of taking an idea or concept for an electronic circuit then using computer-based diagrammatical tools to document the design.

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