

# Notice of Annual General Meeting



[www.altium.com](http://www.altium.com)

Telephone: +61 2 8986 4496  
Facsimile: +61 2 8986 4440

Level 3, 12a Rodborough Road  
Frenchs Forest NSW 2086 Australia  
PO Box 6006  
Frenchs Forest NSW 2086 Australia  
ACN 009 568 772

**A L T I U M   L I M I T E D**

31 August 2007

Dear Shareholder,

The Altium Limited Board ('Board') would like to invite you, or your representatives, to attend the 2007 Annual General Meeting ('Meeting') of Altium Limited ('Company'). The Meeting will be held at the Hilton Sydney, Level 1, Rooms 3 & 4, 488 George St, Sydney NSW 2000, at 3.30pm on Thursday, 4 October 2007.

## General Business

### Financial statements and reports

1. To receive the financial report, directors' report and auditor's report for the Company for the financial year ended 30 June 2007.

### Remuneration report

2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
The remuneration report of the Company for the financial year ended 30 June 2007 is adopted.

### Election of directors

3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
Kayvan Oboudiyat, a director retiring from office in accordance with Article 10.3 of the Constitution of the Company, is re-elected as a director of the Company.
4. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
David Warren, a director retiring from office in accordance with Article 10.3 of the Constitution of the Company, is re-elected as a director of the Company.
5. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
Samuel Weiss, appointed under Article 10.9 of the Constitution, retiring in accordance with Article 10.10, is re-elected as a director of the Company.
6. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
André Pravaz, appointed under Article 10.9 of the Constitution, retiring in accordance with Article 10.10, is re-elected as a director of the Company.

### Increase in fund available for directors of the Company

7. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
In line with Australian Securities Exchange (ASX) Listing Rule 10.17 the fund available for directors' fees is increased from the \$350,000 originally set for non-executive directors only, to \$700,000 to cover future Board fees payable to directors of the Company.

### Voting exclusion statement

The Company will disregard any votes cast on Resolution 7 by:

- A Company director\*; and
- An associate of a Company director\*.

However, the Company need not disregard a vote if:

- it is cast by a director as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the director chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

\* The reference to director in the voting exclusion statement includes directors who are up for re-election at the Meeting.

### Distribution to shareholders in form of equal reduction in share capital

8. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for all purposes including for the purpose of section 256C(1) of the Corporations Act, shareholders approve the distribution by the Company of the amount of \$0.06 (6 cents) for each fully paid ordinary share on issue at 11 October 2007 ('Record Date') to holders of those ordinary shares, as an equal reduction of the share capital of the Company".

Dated 31 August 2007

By Order of the Board



Kayvan Oboudiyat  
Company Secretary

### Notes:

1. If you are unable to attend and vote at the Meeting and wish to appoint a person who is attending as your proxy, please complete the enclosed proxy form. The instrument appointing a proxy must be in writing under the hand of the appointer or their attorney duly authorised in writing, or if such appointer is a corporation, under its common seal or under the hand of its duly authorised officer or attorney.

A shareholder entitled to attend and vote is entitled to appoint a proxy and if entitled to cast two or more votes at the Meeting, may appoint two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If no such proportion or number is specified, each proxy may exercise half of the shareholder's votes. A proxy need not be a member of the Company.

The proxy form together with the authority (if any) under which it is signed or a notarially certified copy of that authority must be received at the Company's registered office or by the Company's share register, Computershare Investor Services Pty Ltd (Ph: 1300 850 505) no later than **3.30pm (AEST), Tuesday, 2 October 2007**.

The completed proxy form may be either:

- mailed to Computershare Investor Services Pty Ltd, GPO Box 4195, Sydney NSW 2001, Australia;
  - faxed to Computershare Investor Services Pty Ltd, on +61 3 9473 2118; or
  - delivered to Altium Limited, Level 3, 12a Rodborough Rd, Frenchs Forest NSW 2086, Australia.
2. Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* and Article 9.1 of the Company's Constitution, the time nominated by the Board for the purposes of determining the voting entitlements at the Meeting is **7pm (AEST), Tuesday 2 October 2007**.

## Explanatory Notes

### Item 1: Financial statements and reports

As required by section 317 of the *Corporations Act 2001*, the financial report, directors' report and auditor's report of the Company for the financial year ended 30 June 2007 will be laid before the Meeting. There is no requirement for a formal resolution on this item. Shareholders will be given reasonable opportunity to ask questions and make comments on these reports at the Meeting.

### Item 2: Remuneration report

Section 300A of the *Corporations Act 2001* requires listed companies to include a remuneration report within the directors' report. The remuneration report must be put to a vote of members at the Meeting. The vote on the resolution will be advisory only and will not bind the directors or the Company. Shareholders will be given reasonable opportunity to ask questions and make comments on these reports at the Meeting.

### Items 3 - 6: Election of directors

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third Annual General Meeting (AGM) following the director's appointment or three years, whichever is longer. However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next AGM of the entity. This rule does not apply to the Chief Executive Officer.

Article 10.3 of the Company Constitution requires that each director who has held office for two years or more must retire from office.

Article 10.4 of the Constitution provides that a retiring director holds office until the conclusion of the meeting at which that director retires but is eligible for re-election.

Kayvan Oboudiyat and David Warren retire by rotation under Article 10.3 and offer themselves for re-election.

Article 10.9 of the Constitution allows the directors at any time to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, provided the total number of directors does not exceed the number determined in accordance with Articles 10.1 and 10.2.

Article 10.10 of the Constitution provides that a director appointed under Article 10.9 holds office until the conclusion of the next AGM of the Company but is eligible for re-election.

Samuel Weiss and André Pravaz appointed under Article 10.9 retire under Article 10.10 and offer themselves for re-election.

### Candidate information

#### ***Kayvan Oboudiyat BE (Hons) GDA, Executive Vice Chairman***

Kayvan has been a director since 1997. Originally Kayvan was appointed Managing Director, becoming Chief Executive Officer in 1999 and Joint Chief Executive Officer in July 2001. Kayvan has served in his current role of Executive Vice Chairman for two years. Kayvan has played a key role in driving the group's aggressive acquisition strategy with an active involvement in the continuing development of new business opportunities. Prior to joining the group, Kayvan spent 11 years with Telstra, including three years as a senior executive in the International Business Unit. Kayvan is also the Company Secretary.

#### ***David M Warren BSc (Hons) MAIP MAICD, Non-Executive Director***

Dave has served as a member of the Board since 1991. He has an Honours degree in Physics from the University of Tasmania and worked in the field of electronics research and development for several years prior to joining Altium's management team in 1987. Dave served as President of Altium's USA operation from 1994-1995. Since 1995 he has worked in the areas of mergers, acquisitions, sales and corporate development prior to becoming a non-executive Board member in 2004. Dave was a member of the remuneration committee and audit and risk management committee until 23 July 2007.

***Samuel S Weiss AB MS FAICD, Non-Executive Director***

Sam joined the Board as a non-executive director on 1 January 2007 and is a highly regarded corporate advisor with extensive board experience. Sam currently serves on the boards of Orotan Group Ltd, Ecos Corporation, GLG Corp Ltd, Open Universities Pty Ltd and Canterbury of New Zealand Ltd and brings valuable business experience from his previous roles as Vice President, Asia-Pacific, Gateway Computers and Chief Operating Officer for Nike Europe. Sam was appointed to the audit and risk management committee on 23 July 2007.

***André J Pravaz BSc MBA FAICD, Non-Executive Director***

André became a non-executive member of the Board on 1 January 2007 and is the former Vice President, South East Asia Pacific for Autodesk Inc., the world's leading design software and services company for building, manufacturing, infrastructure and digital media. André has also held various senior management roles in organisations such as Digital Equipment Corporation, Silicon Graphics, ASK Computer Systems and Compuware Asia Pacific. André was appointed to the remuneration committee on 23 July 2007.

**Item 7: Increase in fund available for directors of the Company**

The approval of shareholders is sought to increase the maximum aggregate amount payable to directors for their services to a sum not exceeding \$700,000 per annum in total. This is an increase of \$350,000 over the present maximum of \$350,000, which was approved by shareholders at the 1999 AGM as the total pool available to cover non-executive directors only.

It is NOT intended to use the maximum amount immediately. However, it will provide the Board with the ability over time to increase directors' fees in line with market conditions and if appropriate to attract high quality directors to replace or expand its membership as part of the Board's programme of renewal.

Shareholders should note the following points in relation to this resolution.

- At the 1999 AGM, the present maximum amount of \$350,000 was set specifically to cover non-executive directors only. This amount has not increased since this time.
- In order to meet the requirements of ASX Listing Rule 10.17 the Company needs to increase the limit to provide for directors' fees for both executive and non-executive directors.
- The Company has reached the upper limits of the current pool. As the Constitution allows for the appointment of up to nine directors it is necessary to have a cap that would allow the Company (based on the current average director's fee) to appoint nine directors if appropriate.
- The increased growth and complexity of the business has increased the time and skill required by Board members, particularly those appointed to the Board sub-committees.
- An increase in this fund will provide the Company with the scope to appoint additional non-executive directors to enhance the breadth of skills on the Board.
- In response to the new Corporate Governance measures introduced by the ASX, and the importance placed on independent representation on the Board, the number of non-executive directors has increased and may further increase in the future.

**Item 8: Distribution to shareholders in form of equal reduction in share capital**

The Board has proposed that the Company distribute the amount of \$0.06 (6 cents) for each fully paid ordinary share on issue at the Record Date to holders of those ordinary shares by way of equal reduction of share capital of the Company ("Distribution").

**Rationale**

The Board has formed the view that the profits of the Company are not sufficient to permit the Board to declare a dividend.

Accordingly, the Company will not pay a dividend to shareholders in respect of the financial year ending 30 June 2007. The Company does however have significant cash reserves from which it can distribute capital to shareholders. The Board therefore considers that the proposed Distribution can be made without prejudicing the interests of the Company or its creditors.

The proposed Distribution forms part of the Company's ongoing commitment to direct capital towards driving further growth in the business or returning it to our shareholders.

### Prerequisites to a return of capital

Section 256B(1) of the Corporations Act provides that the Company may reduce its share capital if the reduction:

- is fair and reasonable to the Company's shareholders as a whole;
- does not materially prejudice the Company's ability to pay its creditors; and
- is approved by shareholders.

### Effect of the Distribution on shareholders of the Company

If the proposed Distribution is approved by shareholders, shareholders on the Record Date will receive a cash payment of \$0.06 (6 cents) for each fully paid ordinary share that they hold on the Record Date. The proposed Distribution will not result in the cancellation of any ordinary shares nor the dilution of shareholdings in the Company.

### Effect of the Distribution on the capital of the Company

The Company has 89,147,009 fully paid ordinary shares on issue at 31 August 2007. There are no partly paid shares on issue.

After the proposed Distribution, the number of fully paid ordinary shares on issue will remain the same, however the share capital of the Company will be reduced by approximately \$5,348,820 representing a return per fully paid ordinary share of \$0.06 (6 cents).

After the proposed Distribution, the number of options on issue will remain the same, however the exercise price of each option on issue will be reduced by \$0.06 (6 cents) in accordance with ASX Listing Rule requirements.

### Key financial impacts

As the proposed Distribution is an equal reduction of capital, the Directors believe that it will be fair and reasonable to shareholders of the Company as a whole.

The Distribution will involve the payment of \$0.06 (6 cents) per fully paid ordinary share equating to an amount of \$5,348,820. The payment will see a reduction of the cash assets of the Company and a corresponding reduction of the shareholders funds in the Balance Sheet. The distribution will not materially impact the ability of the Company to fund growth opportunities as it continues to generate strong group operating cash flows.

It is also the opinion of the Directors that the Distribution will not materially prejudice the Company's ability to pay its creditors as the Directors believe the existing cashflow and working capital resources are adequate to pay creditors.

### Taxation implications of the Distribution for shareholders

The income tax consequences of the Distribution will depend on the personal circumstances of each shareholder. In considering the resolution to be approved at the AGM, the Company recommends that shareholders seek their own tax advice to understand the tax consequences of the Distribution, having regard to their own specific facts and circumstances.

The following is a brief comment on the anticipated tax implications of the Distribution. These are general comments, and are not specific to individual circumstances. **The Company has not sought a class ruling from the Australian Taxation Office (ATO) in relation to the tax treatment of the Distribution to shareholders.** Accordingly, the Company can give no assurance that the ATO will take the same view as that outlined below and the Company accepts no liability in respect of the comments in this section.

### ***Income tax***

The Company does not anticipate that any part of the Distribution will be treated as a dividend for Australian income tax purposes.

### ***Capital gains tax (CGT)***

Where shares are held on capital account, the CGT treatment for shareholders holding post-CGT shares should be as follows:

#### **(1) Resident shareholders**

The return of capital will reduce the cost base and reduced cost base of the shares held in the Company.

If the return of capital exceeds the cost base of the shares held by a shareholder, a capital gain will arise. The capital gain should be eligible for the CGT discount where the conditions for obtaining the CGT discount are satisfied.

If a shareholder has sold a share prior to the date for payment of the Distribution, but after the Record Date, the amount of the Distribution should be a capital gain. Again, the capital gain should be eligible for the CGT discount where the conditions for obtaining the CGT discount are satisfied.

#### **(2) Non-resident shareholders**

The return of capital should not give rise to a capital gain, even if the amount of the return of capital exceeds the cost base of the shares held by the non-resident.

Where shares are pre-CGT shares, or are held on revenue account with a profit making intention or as trading stock, shareholders should seek their own tax advice in relation to the tax implications of the proposed Distribution.

### **Timing and trading implications**

If shareholders approve the Distribution, the Distribution will take effect in accordance with the following timetable.

<b>Event</b>	<b>Date</b>
Resolution approved	4 October 2007
Trading in re-organised securities on an "ex return of capital" basis starts	5 October 2007
Record Date for determining entitlements to participate in the Distribution	11 October 2007
Payment of Distribution	19 October 2007

### **Payment methods**

If the proposed Distribution is approved by shareholders, the payment of the Distribution will be paid by the same method (cheque or direct credit) as shareholders have elected to receive payment of dividends, for those persons who are shareholders as at the Record Date, unless shareholders instruct the share registry otherwise.



**Altium Limited**  
ACN 009 568 772

## Proxy Form

### All correspondence to:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia  
Enquiries (within Australia) 1300 855 080  
(outside Australia) 61 3 9415 4000  
Facsimile 61 3 9473 2118  
www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)



### Appointment of Proxy

I/We being a member/s of Altium Limited and entitled to attend and vote hereby appoint



the Chairman  
of the Meeting  
(mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Altium Limited to be held at the Hilton Sydney, 488 George Street, Sydney, NSW 2000 on Thursday 4 October 2007 at 3:30pm and at any adjournment of that meeting.

#### IMPORTANT: FOR ITEM 7 BELOW



If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on item 7 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that item and the votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark that box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on item 7 and your votes will not be counted in computing the required majority if a poll is called on this form. The Chairman of the Meeting intends to vote undirected proxies in favour of item 7.

### Voting directions to your proxy - please mark to indicate your directions

	For	Against	Abstain*		For	Against	Abstain*
1 Receive the financial report, directors' report and auditor's report for the year ended 30 June 2007	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Re-elect Samuel Weiss as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Receive the remuneration report for the year ended 30 June 2007	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Re-elect André Pravaz as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-elect Kayvan Oboudiyat as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Increase the funds available for directors' fees from \$350,000 to \$700,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-elect David Warren as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Approve the distribution by the Company at a rate of \$0.06 per ordinary share, as an equal reduction of the share capital of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /

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# How to complete the Proxy Form

## 1 Your Address

This is your address as it appears on the company's Share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

## 3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's Share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

## 5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate 'Certificate of Appointment of Corporate Representative' should be produced prior to admission. A form of the certificate may be obtained from the company's Share registry or at [www.computershare.com](http://www.computershare.com).

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 3:30pm on Thursday 4 October 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged using the reply paid envelope or:

IN PERSON	Registered Office - Altium Limited Level 3, 12A Rodborough Road Frenchs Forest NSW 2086
	Share Registry - Computershare Investor Services Pty Limited, Level 2, 60 Carrington Street, Sydney NSW 2000 Australia
BY MAIL	Registered Office - Altium Limited Level 3, 12A Rodborough Road Frenchs Forest NSW 2086
	Share Registry - Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 Australia
BY FAX	+61 3 9473 2118