

Overview of financial performance and position:

	2007 \$'000	2006 \$'000	Percentage change
Revenue	53,381	45,210	18%
Earnings before interest, tax, depreciation and amortisation	6,592	6,473	2%
Profit before tax	1,580	1,163	36%
Profit attributable to members	1,066	1,557	(32%)
Earnings per share (cents)	1.2	1.8	(33%)
Return of capital/dividends declared per share (cents)	6.0	4.0	50%
Operating cash flows	8,953	3,483	157%
Cash position	10,653	6,352	68%
Deferred revenue	9,121	5,308	72%
Average number of employees during the year	265	253	5%
Number of employees at end of year	301	243	24%

The year ended 30 June 2007 has seen Altium continue its improved performance from the prior year with further sales growth, as detailed in the table below, and revenue growth of 18%. The performance of the business in the last financial year has provided the capability to make the necessary investments to take advantage of market opportunities that currently exist. At the same time as undertaking additional investment in research and development, sales and marketing and organisational infrastructure, the group has increased operating cash flows, profit before tax and proposed distributions from the prior year. The group's year end cash position has also increased significantly on the prior financial year, despite the appreciation of the Australian dollar, and is a direct result of the sales growth.

Sales in local currencies:

	2007 \$'000	2006 \$'000	Percentage change
Product sales			
Americas (US\$)	19,850	15,249	30%
Europe (euro)	11,426	9,791	17%
Asia Pacific (US\$)	10,141	6,072	67%
Consulting Services			
Europe (euro)	581	605	(4%)

The year has seen strong growth in sales in each of the group's three geographic regions. For the second consecutive year, growth in the Americas has exceeded 30% in local currency while growth in European sales has increased 17% from the prior year. Asia Pacific continues to be the highest growing region, driven by growth in each of the major markets in the region. The Chinese market continues to represent a significant opportunity for growth in Asia Pacific and expansion in the customer base resulted in sales growth exceeding 150% for the year.

Regulatory environment

For details regarding the impact of regulatory changes in accounting standards, refer to note 1 in the notes to the financial statements section of this report.

Legal

At the date of this report there are no significant legal issues affecting the company.

Health and safety

Altium is committed to providing its employees with a healthy and safe working environment and has in place a comprehensive occupational health and safety program.

Corporate governance

Corporate governance information is included on page 27 of the annual financial 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.