Altium

Annual Financial Report 09

Company Particulars

Directors

Samuel Weiss	Non-Executive Chairman
Nicholas Martin	Chief Executive Officer & Chief Technology Officer
Kayvan Oboudiyat	Executive Vice Chairman
Carl Rooke	Non-Executive Director
Dr David Warren	Non-Executive Director
William Bartee	Non-Executive Director

Company Secretary

Kayvan Oboudiyat

Registered office

3 Minna Close, Belrose NSW 2085
PH: +61 2 8622 8100
FX: +61 2 8622 8140

Share registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street, Sydney NSW 2000
Australia: 1300 850 505
Overseas: +61 3 9415 4000

Auditor

PricewaterhouseCoopers
201 Sussex Street, Sydney NSW 2000
PH: +61 2 8266 0000

Stock exchange listings

Altium Limited shares are listed on the Australian Securities Exchange with ASX Code: ALU

Notice of Annual General Meeting

10.30am, Friday 2 October 2009
Seaforth Room
Manly Pacific Hotel
55 North Steyne, Manly NSW 2095

Annual Financial Report Altium Limited and its Controlled Entities as at 30 June 2009

ACN 009 568 772

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Overview of financial performance and position

	GROUP		
	2009 US$'000	2008 US$'000	Percentage change
Sales	**51,358**	55,839	(8%)
Revenue	**50,696**	53,073	(4%)
Earnings before interest, tax, depreciation and amortisation	**4,773**	576	729%
Profit (loss) before tax	**224**	(3,680)	106%
Loss attributable to members	**(337)**	(2,799)	88%
Earnings per share (US cents)	**(0.4)**	(3.1)	87%
Return of capital per share (AU cents)	**2.0**	6.0	(67%)
Dividend per share (AU cents)	**2.0**	-	N/A
Adjusted operating profit before tax[1]	**3,903**	1,733	125%
Operating cash flows	**5,322**	3,034	75%
Cash position	**3,526**	5,582	(37%)
Deferred revenue	**11,000**	11,420	(4%)
Average number of employees during the year	**311**	323	(4%)
Number of employees at end of year	**286**	332	(14%)

1 Adjusted operating profit before tax represents sales less operating costs adjusted for share based payments, amortisation, non-recurring expenditure, foreign exchange difference and research and development salaries capitalised. Sales represent the value of orders invoiced in the period with no adjustment for deferred revenue recognition.

Altium delivered strong results compared to the previous year despite the uncertain worldwide economic conditions. The organisation completed a restructuring early in the second half to ensure that costs were managed in line with sales growth and to direct investment to growth regions, such as China.

In April, the group made a strategic change to the pricing model for its software. This new product positioning resulted in the volume of new product licences and upgrades sold in the final quarter of the financial year, more than doubling the number sold in the corresponding period of the previous financial year.

Together, these initiatives assisted in delivering a significant improvement in EBITDA, profitability, and operating cash flow from the previous year and positions Altium strongly for whenever the economic recovery starts.

Sales in local currencies

	2009 '000	2008 '000	Percentage change
Product sales			
Americas (US$)	**19,375**	21,293	(9%)
Europe (€)	**13,010**	13,579	(4%)
Greater China[1] (US$)	**7,773**	6,904	13%
Asia Pacific excluding Greater China[1] (US$)	**5,662**	6,527	(13%)
Consulting Services			
Europe (€)	**544**	571	(5%)

1 Greater China includes People's Republic of China, Taiwan and Hong Kong.

Regulatory environment

For details regarding the effect 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 group.

Health and safety

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

Corporate governance

Corporate governance information is included on page 19 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.

Directors' report

The Directors of Altium Limited present their report on the group consisting of Altium Limited and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Directors

The following persons were Directors of Altium Limited during the whole of the financial year and up to the date of this report:
Samuel Weiss
Nicholas Martin
Kayvan Oboudiyat
William Bartee
Carl Rooke
Dr David Warren

André Pravaz was appointed Executive Vice President, World Wide Field Operations on 11 August 2008 and resigned as a Director on 3 February 2009.

Principal activities

The group's principal activities during the year were that of the design, development and sale of computer software for the design of electronic products.

Review of operations

Information pertaining to the operations and financial position of the group is set out in the review of operations and activities on page 4.

Results

	GROUP	
	2009 US$'000	2008 US$'000
Profit (loss) before income tax	**224**	(3,680)
Income tax (expense) benefit	**(561)**	881
Loss after income tax	**(337)**	(2,799)

Earnings per share

	2009 US cents	2008 US cents
Basic earnings per share	**(0.4)**	(3.1)
Diluted earnings per share	**(0.4)**	(3.1)

Return of capital

	2009 US$'000	2008 US$'000
A return of capital of 2 Australian cents per share was paid on 7 November 2008.		
A return of capital of 6 Australian cents per share was paid on 19 October 2007.	**1,238**	4,748

Dividends

	2009 US$'000	2008 US$'000
Interim unfranked dividend of 2 Australian cents (2008: nil) was paid on 24 March 2009.	**1,162**	-

Information on directors

Samuel Weiss AB MS FAICD, Non-executive Chairman

Sam joined the Altium Board as a Non-executive Director on 1 January 2007 and was elected Chairman of the Board on 4 October of that year. Sam is Deputy Chairman of GLG Corp. Ltd and a Non-executive Director of Oroton Group Ltd, Breville Group Ltd, IPGA Ltd and Open Universities Pty Ltd. He is a Director and Honorary Treasurer of the Sydney Festival and is President of The Benevolent Society. He brings valuable experience from his previous roles as Vice President, Asia-Pacific, Gateway Computers and Chief Operating Officer for Nike Europe.

Nicholas Martin, Chief Executive Officer and Chief Technology Officer

Nick founded Altium Limited in 1985 (known then as Protel International) and has served as an Executive Director from the group's inception, becoming Joint Chief Executive Officer in 2001. Nick has served in his current role of Chief Executive Officer since 2005. It is due to Nick's vision and foresight that Altium is considered a global leader in technology innovation in the electronics design industry. Nick provides the business and technology strategy for the company.

Kayvan Oboudiyat BE (Hons) GDA MAICD, Executive Vice Chairman

Kayvan has been a Director since 1997. Originally Kayvan was appointed Managing Director, becoming Chief Executive Officer in 1999 and Joint Chief Executive Officer in 2001. Kayvan has served in his current role of Executive Vice Chairman since 2005. Kayvan has played a key role in driving the group's development of new business opportunities. Prior to joining the group, Kayvan spent eleven years with Telstra, including three years as a Senior Executive in the International Business Unit. Kayvan is also the Company Secretary.

Carl Rooke FCA FAICD, Non-executive Director

Carl joined the Board in 1990 as a Non-executive Director and was appointed Chairman in 1999 and served as Chairman until October 2007. Carl is a former Chairman of Horwath Australia and currently holds the position of Director of BDO Kendalls (TAS) Pty Ltd. Carl is a Fellow of the Institute of Chartered Accountants and the Institute of Company Directors and brings to the group a history of successful business practice with many years of proven experience in management, accounting and finance. Carl is also Chairman of the Audit and Risk Management Committee.

Dr David Warren BSc Tas, HonsDSc Tas, MAIP, MAICD, Non-executive Director

Dave has served as a member of the Board since 1991. His work in astronomy led him into the world of software and electronics design where he has since gained more than 30 years' experience. After joining Altium's management team in 1987, Dave served as President of Altium's USA operation from 1994 to 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. He was awarded the degree Doctor of Science Honoris Causa by the University of Tasmania in December 2008. Dave is a Non-executive Board member of Astronomy Australia Ltd, and sits on the Boards of various private companies.

William Bartee BS MBA JD, Non-executive Director

Bill was appointed to the Board as a Non-executive Director in 1999. Bill has sixteen years' experience working with emerging growth technology companies in US venture capital and private equity industries. He is a former Investment Director for Macquarie Technology Ventures and former Chief Executive Officer of Mantara, a messaging software company. Bill is also the Chairman of the Remuneration and Nomination Committee.

The Directors held no other Directorships in the past three years other than those stated above.

Directors' interest

Directors' interests in Altium Limited at 30 June 2009 was as follows:

	Ordinary shares
Samuel Weiss	177,274
Nicholas Martin	22,524,650
Kayvan Oboudiyat	1,987,500
Carl Rooke	515,365
Dr David Warren	5,523,000
William Bartee	-

None of the Directors currently hold share options.

Directors' meetings

The number of meetings of Altium's Board of Directors and of each Board Committee held during the year ended 30 June 2009, and the numbers of meetings attended by each Director, were:

	Full meetings of Directors	Meetings of Committees	
		Audit and Risk Management	Remuneration and Nomination
Number of meetings held	9	3	4
Number of meetings attended by:			
Samuel Weiss	9	3	4
Nicholas Martin	9	-	-
Kayvan Oboudiyat	7	-	-
William Bartee	7	3	3
Carl Rooke	8	3	-
Dr David Warren[1]	9	2	4
André Pravaz[2]	6	1	2

- Not a member of the relevant Committee.
1 Dr David Warren was appointed to the Audit and Risk Management Committee on 19 February 2009.
2 André Pravaz resigned as a Director and from all Committees on 3 February 2009.

Remuneration report (audited)

The information provided in the remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

Remuneration philosophy

Altium's philosophy for executive remuneration is to ensure that remuneration properly reflects the duties and responsibilities of its executives. Altium aligns executive reward with its strategic objectives and ensures it is appropriate for the results delivered. To this end, the group embodies the following principles in its total rewards framework:

- Provide competitive rewards to attract, motivate and retain high calibre executives;
- Link executive rewards to shareholder value;
- Establish appropriate performance targets in relation to variable executive remuneration.

This objective is achieved via a total reward program that involves a mixture of fixed and performance based remuneration.

The executive remuneration philosophy ensures individual as well as collective accountability for the group's performance metrics. The metrics adopted reflect the value added to shareholder interests, long-term sustainability of the business, and profitability. Using share options as a long-term incentive encourages executives to focus on creating sustainable value and a sense of ownership and accountability to the group. Fixed pay conditions are designed to attract and retain top talent in a competitive environment, considering the capability and experience brought to the group.

The philosophy of "leadership without fear" encourages executives to harness their true potential. In this way, the group is able to recognise and reward pure contribution. This opportunity is equally open and applicable to every individual in the group. Altium recognises that, while remuneration is a key factor in recruiting the right people, it is not the only factor. Altium's corporate reputation, its ethical culture and values and its ability to provide interesting and challenging career opportunities are also important.

Remuneration and Nomination Committee

The Board established the Remuneration and Nomination Committee, which is responsible for reviewing and recommending remuneration policies and packages for Board members and senior executives. The Remuneration and Nomination Committee operates under delegated authority of the Board. The Remuneration and Nomination Committee also assesses the appropriateness of the nature and amount of the packages periodically by reference to relevant employment market conditions.

External advice on remuneration matters is obtained and is made available for the Remuneration and Nomination Committee as required.

Remuneration structure

In accordance with best practice corporate governance recommendations, the structure of Non-executive Director remuneration and senior executive remuneration is separate and distinct.

The total remuneration package of all executives is designed to ensure an appropriate mix of fixed remuneration with short-term and long-term incentive opportunities. The relative weighting of fixed and variable components, for target performance, varies with role and complexity.

Non-executive Director remuneration

Non-executive Director remuneration reflects the demands made of, and the responsibilities and skills of, the Non-executive Directors. Non-executive Director fees are recommended by the Remuneration and Nomination Committee and determined by the Board.

Remuneration of Non-executive Directors is determined by the Board within the maximum amount of cash salary approved by the shareholders from time to time. The pool is AU$700,000 per annum and was last approved in a general meeting on 4 October 2007.

The Chairman's fees are considered independently to the fees of the Non-executive Directors and are based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Executive remuneration

The executive pay and reward framework has three key elements:

- Base pay and benefits, including superannuation
- Variable compensation – short-term incentives
- Variable compensation – long-term incentives, through participation in share option plans

The combination of these comprises the executive's total remuneration.

Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives discretion. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually by reference to appropriate benchmark information, to ensure that the executive's pay is competitive with the market commensurate with the executive's individual performance and experience. Retirement benefits are paid in line with local legislation and practice.

The Board believes that well managed short-term and long-term incentives plans are important elements of employee remuneration and that the senior executives' participation in these plans aligns their objectives with Altium's short-term goals and long-term vision.

While Altium conducts annual remuneration reviews, there are no guaranteed remuneration increases contained in any executive contracts or agreements. Any increases are determined by individual performance, economic indicators and market data.

Short-term incentives

Short-term incentives are based on achieving specific performance targets. Performance targets are aligned to both tactical and strategic business objectives using a mixture of quantitative and qualitative targets. Quantitative measures include sales and operating performance targets. Qualitative measures are associated with organisational and business development objectives. The percentage of total remuneration that is allocated to short-term incentives varies according to the senior executive position and ranges between 20% and 40% of total remuneration for achieving all targets.

Short-term incentives have been structured to ensure payments are closely aligned to business performance and are designed to:

- Deliver group performance improvements over the prior year;
- Provide rewards subject to the achievement of rigorous performance targets; and
- Align individual objectives to business-specific objectives.

Performance monitoring process

The Remuneration and Nomination Committee approves, in principle, the structure and policy of short-term incentives. The Chief Executive Officer and Chief People Officer align key performance indicators for other executives using the principles determined by the Remuneration and Nomination Committee. The Chief Executive Officer assesses whether the financial and non-financial targets have been fully or partially achieved and makes recommendations to the Board. Short-term incentives are assessed and paid on half year and full year results.

Long-term incentives

Long-term incentives are provided to senior executives through share option plans. The objective of the share option plans is to align senior executives' rewards with the creation of shareholder wealth. Options offered to senior executives incorporate an intrinsic performance hurdle relating to Altium's share price reaching or exceeding a certain level. The number of options offered to the senior executive depends on their fixed remuneration and Altium's target remuneration package for the senior executive's position.

Key management personnel

The key management personnel of the group and Altium Limited include the Executive Directors listed on page 6 and the following Executive Officers who have authority and responsibility for planning, directing and controlling the activities:

Richard Leon	Chief Financial Officer	Commenced employment on 28 August 2008
Alan Perkins	Chief Information Officer	Commenced in this position on 12 August 2008
André Pravaz	Executive Vice President, World Wide Field Operations	Commenced in this position on 11 August 2008
Anand Shankaran	Chief People Officer	
Matthew Schwaiger	Senior Vice President, Global Customer Success	Commenced in this position on 5 January 2009
Emma Lo Russo	President	Ceased employment on 5 May 2009

In addition, the following persons must be disclosed under the Corporations Act 2001 as they are among the five highest remunerated group executives.

Gerry Gaffney	Senior Vice President and General Manager, Americas
Frank Hoschar	Vice President, Sales and Support, EMEA
Jay Cao	Regional Director, China

Service agreements

Remuneration and other terms of employment for each Board member and senior executive are formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below.

	Director's base fee	Base salary inclusive of superannuation	Notice period
Non-executive Directors of Altium Limited			
Samuel Weiss	AU$110,000		
Carl Rooke	AU$70,000		
Dr David Warren	AU$60,000		
William Bartee	AU$60,000		
Executive Directors of Altium Limited			
Nicholas Martin	AU$40,000	AU$319,700	-
Kayvan Oboudiyat	AU$40,000	AU$305,000	-
Key executives of the group			
Richard Leon[1]		AU$280,000	3 months
Alan Perkins[2]		AU$201,600	1 month
André Pravaz[3]		AU$360,000	1 month
Anand Shankaran		AU$246,820	3 months
Matthew Schwaiger[4]		AU$210,000	4 weeks
Emma Lo Russo[5]		AU$320,000	4 weeks
Other executives of the group			
Gerry Gaffney		US$312,000	-
Frank Hoschar		€135,000	3 months
Jay Cao		RMB1,560,000	30 days

1 Richard Leon commenced employment on 28 August 2008.
2 Alan Perkins commenced in this position 12 August 2008.
3 André Pravaz commenced in this position on 11 August 2008 and resigned as a Director on 3 February 2009.
4 Matthew Schwaiger commenced in this position on 5 January 2009.
5 Emma Lo Russo ceased employment on 5 May 2009.

The above Directors and senior executives have open agreements with no fixed term.

Amounts of remuneration

The following tables set out the details of Director and key executive remuneration earned during the year.

2009	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments			
	Salary and fees US$	Bonus US$	Non-monetary benefits US$	Super-annuation US$	Long service leave US$	Options US$	Total US$	Performance related as a proportion of total remuneration %	Options as a proportion of total remuneration %
Non-executive Directors of Altium Limited									
Samuel Weiss	75,355	-	-	6,782	-	-	82,137	-	-
Carl Rooke	52,269	-	-	-	-	-	52,269	-	-
Dr David Warren	41,103	-	-	3,699	-	-	44,802	-	-
William Bartee	41,103	-	-	3,699	-	-	44,802	-	-
Executive Directors of Altium Limited									
Nicholas Martin*	246,412	-	-	22,177	4,735	-	273,324	-	-
Kayvan Oboudiyat*	236,342	-	-	21,271	4,415	-	262,028	-	-
Key executives of the group									
Richard Leon[1]	153,901	11,071	-	14,931	105	870	180,878	6%	-
Alan Perkins[2]	138,108	7,971	-	13,229	244	2,609	162,161	5%	2%
André Pravaz[3]^*	218,167	88,780	-	27,716	192	870	335,725	26%	-
Anand Shankaran*	169,011	9,759	-	16,183	342	870	196,165	5%	-
Matthew Schwaiger[4]	157,888	-	1,299	6,153	7,698	3,478	176,516	-	2%
Emma Lo Russo[5]^*	267,921[6]	22,141	11,311	21,179	-	42,283	364,835	6%	12%
Other executives of the group									
Gerry Gaffney^	311,959	151,150	21,863	6,324	-	870	492,166	31%	-
Frank Hoschar^	195,595	81,366	23,628	-	-	435	301,024	27%	-
Jay Cao^	228,377	102,104	-	6,901	-	870	338,251	30%	-

1 Richard Leon commenced employment on 28 August 2008.
2 Alan Perkins commenced in this position 12 August 2008.
3 André Pravaz commenced in this position on 11 August 2008 and resigned as a Director on 3 February 2009.
4 Matthew Schwaiger commenced in this position on 5 January 2009.
5 Emma Lo Russo ceased employment on 5 May 2009.
6 Included in the salary and fees of Emma Lo Russo are termination benefits amounting to US$60,262.

^ Denotes one of the five highest paid executives of the group, as required to be disclosed under the Corporations Act 2001.
* Denotes one of the five highest paid executives of the parent, as required to be disclosed under the Corporations Act 2001.

2008	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments			
	Salary and fees US$	Bonus US$	Non-monetary benefits US$	Super-annuation US$	Long service leave US$	Options US$	Total US$	Performance related as a proportion of total remuneration %	Options as a proportion of total remuneration %
Non-executive Directors of Altium Limited									
Samuel Weiss[1]	80,675	-	-	7,261	-	-	87,936	-	-
William Bartee	49,327	-	-	4,439	-	-	53,766	-	-
André Pravaz	49,327	-	-	4,439	-	-	53,766	-	-
Carl Rooke[2]	70,379	-	-	-	-	-	70,379	-	-
Dr David Warren	32,884	-	-	2,960	-	-	35,844	-	-
Executive Directors of Altium Limited									
Nicholas Martin*^	276,584	-	-	45,746	5,583	-	327,913	-	-
Kayvan Oboudiyat[3]*^	293,603	-	-	26,425	5,473	-	325,501	-	-
Key executives of Altium Limited (including key executives of the group)									
Emma Lo Russo*	189,081	-	12,291	18,532	2,009	40,273	262,186	-	15%
Darren Charles[4]*	188,593	-	11,175	17,798	3,807	1,863	223,236	-	1%
Anand Shankaran[5]*	185,441	24,389	-	16,721	121	-	226,672	11%	-
Benjamin Wells	166,052	3,939	11,041	16,553	6,128	1,863	205,576	2%	1%
Marc Depret	166,416	3,367	-	14,977	15,522	-	200,282	2%	-
Jason Hingston	125,893	2,886	8,519	12,492	7,514	-	157,304	2%	-
Peter Williamson[6]	90,859	20,285	-	7,303	-	3,793	122,240	17%	3%
Key executives of the group									
Gerry Gaffney[7]^	140,975	103,986	38,416	5,694	-	-	289,071	36%	-
Michael Stipe[8]	67,187	51,147	4,991	-	-	-	123,325	41%	-
Frank Hoschar^	201,514	168,750	28,370	-	-	-	398,634	42%	-
Peter Murman^	208,689	4,747	5,448	37,908	-	27,601	284,393	2%	10%
Matthew Schwaiger	154,681	73,724	12,628	4,651	6,616	-	252,300	29%	-
Jay Cao[9]	143,817	80,100	-	3,846	-	-	227,763	35%	-

1 Samuel Weiss was appointed as Chairman to the Board on 4 October 2007.
2 Carl Rooke resigned as Chairman to the Board on 4 October 2007.
3 Employee contribution to superannuation has been reclassified to short-term benefits from post-employment benefits.
4 Darren Charles ceased employment on 15 August 2008.
5 Anand Shankaran was appointed on 1 August 2007.
6 Peter Williamson ceased employment on 31 December 2007.
7 Gerry Gaffney was appointed on 11 December 2007.
8 Michael Stipe ceased employment on 10 July 2007.
9 Jay Cao was appointed on 15 November 2007.

^ Denotes one of the five highest paid executives of the group, as required to be disclosed under the Corporations Act 2001.
* Denotes one of the five highest paid executives of the parent, as required to be disclosed under the Corporations Act 2001.

Share based compensation

Unissued ordinary shares of Altium Limited under option at 30 June 2009 are as follows:

Name of option plan	Exercise price of shares (AU$)	Value per option at grant date (AU$)	Grant date	Expiry date	Number of options
Altium Employee Share Option Plan[1]	0.92[3]	0.09	21 Feb 2006	21 Feb 2011	1,246,400
Altium Employee Share Option Plan[1]	0.92[3]	0.11	14 Mar 2006	14 Mar 2011	282,400
Altium Employee Share Option Plan[1]	1.42[3]	0.84	8 Dec 2006	8 Dec 2011	414,500
Altium Employee Share Option Plan[1]	1.42[3]	1.19	16 Jan 2007	16 Jan 2012	368,500
Altium Employee Share Option Plan[2]	1.00	0.13	8 May 2009	8 May 2014	5,821,920
Total unissued ordinary shares of Altium Limited under option					8,133,720

1 Options vest in equal amounts over a four-year period from the first anniversary of the date of issue.
2 Options vest over a three-year period from the first anniversary of the date of issue, with 40% vesting in year one and 30% vesting in the two subsequent years.
3 The exercise price of the options has been reduced in accordance with plan rules relating to the return of capital of 2 Australian cents per share paid on 7 November 2008 and 6 Australian cents per share paid on 19 October 2007.

The vesting period of options granted under the Altium Employee Share Option Plan, Altium Director Share Option Plan and Altium Option Plan is at the Directors' discretion. The options are exercisable at any time once vested through to expiry date. When exercised, each option is convertible into one ordinary share. No option holder has any right to participate in any other share issue of the company or of any other entity within the group.

The value of options included as remuneration for Directors and executives is determined at the date they are granted and apportioned over the vesting period. Fair values at grant date have been assessed using a derivative of the Black-Scholes option-pricing model incorporating the following factors; exercise price, stock price, expected life, volatility, risk-free rate, dividend yield and vesting period. Further information on options is set out in note 26 to the financial statements.

Options over unissued ordinary shares in Altium Limited provided as remuneration to each Director of the company and each of the key management personnel of the group are set out below:

2009	Balance at 1 July 2008	Granted during the year	Exercised during the year	Expired during the year	Balance at 30 June 2009	Vested and exercisable at 30 June 2009
Directors of Altium Limited						
Carl Rooke	160,000	-	-	(160,000)	-	-
William Bartee	80,000	-	-	(80,000)	-	-
Kayvan Oboudiyat	400,000	-	-	(400,000)	-	-
Key executives of the group						
Richard Leon[1]	-	100,000	-	-	100,000	-
Alan Perkins[2]	270,000	300,000	-	(270,000)	300,000	-
André Pravaz[3]	-	100,000	-	-	100,000	-
Anand Shankaran	-	100,000	-	-	100,000	-
Matthew Schwaiger[4]	400,000	400,000	-	(400,000)	400,000	-
Emma Lo Russo[5]	500,000	-	-	-	500,000	300,000
Other executives of the group						
Gerry Gaffney	-	100,000	-	-	100,000	-
Frank Hoschar	175,000	50,000	-	(175,000)	50,000	-
Jay Cao	-	100,000	-	-	100,000	-

1 Richard Leon commenced employment on 28 August 2008.
2 Alan Perkins commenced in this position 12 August 2008.
3 André Pravaz commenced in this position on 11 August 2008 and resigned as a Director on 3 February 2009.
4 Matthew Schwaiger commenced in this position on 5 January 2009.
5 Emma Lo Russo ceased employment on 5 May 2009.

2008	Balance at 1 July 2007	Granted during the year	Exercised during the year	Expired during the year	Balance at 30 June 2008	Vested and exercisable at 30 June 2008
Directors of Altium Limited						
Carl Rooke	160,000	-	-	-	160,000	160,000
William Bartee	80,000	-	-	-	80,000	80,000
Kayvan Oboudiyat	400,000	-	-	-	400,000	400,000
Key executives of Altium Limited						
Emma Lo Russo	500,000	-	-	-	500,000	100,000
Darren Charles[1]	571,000	-	-	(75,000)	496,000	446,000
Benjamin Wells	521,000	-	-	(150,000)	371,000	321,000
Marc Depret	550,000	-	-	(150,000)	400,000	400,000
Jason Hingston	470,000	-	-	(200,000)	270,000	270,000
Peter Williamson[2]	100,000	-	-	(100,000)	-	-
Key executive of the group						
Michael Stipe[3]	200,000	-	-	(150,000)	50,000	50,000
Frank Hoschar	375,000	-	-	(200,000)	175,000	175,000
Peter Murman	357,500	-	-	(15,750)	341,750	266,750
Matthew Schwaiger	600,000	-	-	(200,000)	400,000	400,000

1 Darren Charles ceased employment on 15 August 2008.
2 Peter Williamson ceased employment on 31 December 2007.
3 Michael Stipe ceased employment on 10 July 2007.

Nicholas Martin, Dr David Warren and Samuel Weiss have not been granted options over ordinary shares at any time since the commencement of any company option plans.

Details of all options granted by Altium Limited to key executives for the year ended 30 June 2009 are set out below. No options were exercised during the current or previous financial year by key executives.

2009	Fair value at grant date US$	Date granted
Richard Leon	9,819	8 May 2009
Alan Perkins	29,457	8 May 2009
André Pravaz	9,819	8 May 2009
Anand Shankaran	9,819	8 May 2009
Matthew Schwaiger	39,276	8 May 2009
Gerry Gaffney	9,819	8 May 2009
Jay Cao	9,819	8 May 2009

No options were granted to key executives during the 2008 financial year. No amounts are unpaid on any shares issued on the exercise of options.

Loans to Directors and executives

Information on loans to Directors and executives, including amounts, interest rates and repayment terms can be found in note 30 to the financial statements.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs during the financial year.

Events subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- the group's operations in future financial years, or
- the results of those operations in future financial years, or
- the group's state of affairs in future financial years.

Environmental regulation

The group 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

Information on likely developments in the operations of the group 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 group.

Insurance of officers

During the year the group paid a premium of US$30,042 (2008: US$36,500) to insure the Directors and officers of Altium Limited and its subsidiaries. The liabilities insured are legal costs and other 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 group.

Non-audit services

The group has employed PricewaterhouseCoopers on assignments additional to their audit duties where the auditor's expertise and experience with the company and/or the group are important.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out on the following page, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not influence the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Details of the amounts paid or payable to PricewaterhouseCoopers for non-audit services provided by the group during the year are set out below.

	2009 US$	2008 US$
Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of company income tax returns	**21,598**	11,584
Tax consulting and tax advice	**9,617**	2,113
Related practices of PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of company income tax returns	**240,823**	226,611
Tax consulting and tax advice	**82,062**	47,454
Total remuneration for taxation services	**354,100**	287,762
Advisory services		
PricewaterhouseCoopers Australian firm	**7,024**	13,904
Related practices of PricewaterhouseCoopers Australian firm	**9,170**	22,258
Total remuneration for advisory services	**16,194**	36,162

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

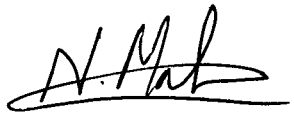
Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and 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.



Nicholas Martin
Director and Chief Executive Officer

Kayvan Oboudiyat
Director and Executive Vice Chairman

Sydney
24 August 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
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201 Sussex Street
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Auditor's Independence Declaration

As lead auditor for the audit of Altium Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Altium Limited and the entities it controlled during the period.

M W Chiang
Partner
PricewaterhouseCoopers

Sydney
24 August 2009

Liability limited by a scheme approved under Professional Standards Legislation

Corporate governance statement

Corporate governance is a foundation for creating and maintaining shareholder value. With this intention Altium Limited, its consolidated entities (Altium) and the Altium Limited Board of Directors (Board) are committed to achieving and demonstrating the highest standards of corporate governance.

In all material aspects, Altium's corporate governance framework is consistent with the Australian Securities Exchange (ASX) Corporate Governance Council's best practice recommendations. Minor deviations occur only when a principle or recommendation is not appropriate for the group to incorporate.

The Board continuously reviews and assesses the appropriateness of Altium's corporate governance framework with reference to the effect of both internal and external factors.

ASX Principle 1 – The roles of the Board and management

The Board is responsible for promoting the success of the group as a leading global developer and supplier of electronic product development solutions; and as a commercial entity listed on the ASX. The Board has a charter, available at www.altium.com, that outlines its functions and responsibilities, which include the review and approval of corporate strategy, budgets and financial plans, monitoring organisational performance, and achievement of the group's strategic goals and objectives. In addition to this each Director has a specific letter of appointment which details their individual duties and responsibilities.

The relationship between the Board and senior executives is critical to the group's long-term success. The Directors are responsible to shareholders for the performance of the group and seek to balance competing objectives in the best interests of the group as a whole. Their focus is to align the interests of the shareholders, employees and customers and to ensure that the group is appropriately managed.

Day-to-day management of the group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Chief Executive Officer (CEO) and senior executives.

All senior executives report to the CEO who, in collaboration with the Chief People Officer, conducts performance reviews. Performance reviews were conducted throughout the financial year. Executive performance is measured against a number of indicators including performance against budgets, achievement of financial long-term and short-term goals as well as organisational development, talent and attrition management, personal development and contribution to organisational design. In addition to annual reviews, informal monitoring and reviews occur on a regular basis with issues addressed as and when they arise. Various tools, including consultative and systemic support, access to resources, coaching, and mentoring opportunities are made available in the ongoing development of senior executives.

ASX Principle 2 – Board structure

The Board is currently comprised of four Non-executive Directors and two Executive Directors, as follows;

Name	Position	Independent status	Date of appointment
Samuel Weiss	Chairman, Non-executive Director	Independent	1 January 2007
Nicholas Martin	Chief Executive Officer, Chief Technology Officer, Executive Director	-	30 August 1991
Kayvan Oboudiyat	Executive Vice Chairman, Executive Director	-	10 February 1997
Carl Rooke	Non-executive Director	Independent	13 June 1990
Dr David Warren	Non-executive Director	-	4 December 1991
William Bartee	Non-executive Director	Independent	3 May 1999

André Pravaz resigned as a Director on 3 February 2009.

Details of the background, experience and professional skills of each Director are outlined in the Directors' report under the heading "Information on Directors".

The following Directors are retiring by rotation in accordance with the Constitution and ASX Listing Rules and seek re-election at the 2009 Annual General Meeting:

- Samuel Weiss
- Kayvan Oboudiyat
- Dr David Warren

Director independence

The Board believes that to add value, a Director needs to have knowledge either of the group or the highly technical industry in which the group operates, while bringing independent views and judgment to the Board's deliberations. Half of the current Board, including the Chairman, are considered independent Directors.

Whilst the Board has adopted AASB standard 1031 to determine materiality, it also considers specific factors such as Directors' shareholdings, length of service and relationships with key advisers when undertaking an annual determination of each Director's independent status. Apart from the two Executive Directors, the Board currently also considers one Non-executive Director (Dr David Warren) not to be independent due to his status as a substantial shareholder and his length of service as an executive to the group.

Meetings of the Board

The Board meets formally between six and eight times a year and on other occasions as required. Senior executives attend and make presentations at Board meetings, as considered appropriate, and are available for questioning by Directors. The number of meetings attended by each Director for the financial year ended 30 June 2009 is outlined in the Directors' report.

Retirement and re-election

The constitution of Altium Limited requires each Director to retire from office at the next Annual General Meeting after serving a period of two years. Directors who have been appointed by the Board are required to retire from office at the next Annual General Meeting. Retiring Directors are eligible for re-election by shareholders. The Chairman is appointed by the Board which also determines the period the elected Chairman is to hold office.

Nomination and appointment of new Directors

Recommendations for new Directors are generally made by the Remuneration and Nomination Committee for consideration by the Board, notwithstanding ASX listing rule requirements*. If a candidate is recommended by the Remuneration and Nomination Committee, the Board assesses the candidate against a range of criteria including background, experience, professional skills, personal qualities, potential for the candidate's skills to augment the existing Board and the candidate's availability to commit to the Board's activities. If these criteria are met and the Board appoints the candidate as a Director, that Director will retire at the following Annual General Meeting and be eligible for re-election by shareholders.

The Remuneration and Nomination Committee reviews the Board composition and membership continuously with regards to the present and future needs of the group, and makes recommendations on the Board composition and appointments.

* Listing rule 14.3 requires the company to accept Director nominations up to 35 business days before a general meeting at which Directors may be elected.

Director induction and training

Upon appointment, new Directors are provided with an induction manual which advises them of the group structure, products, policies, procedures and guidelines. The new Director undertakes an orientation process in close consultation with the Company Secretary who is also on hand to answer any questions and further tailor the orientation towards the specific needs of each Director. With written approval from either the Chairman or Company Secretary, the Board supports and encourages Directors to seek any relevant training to enhance further their contribution to the Board. Training may also be recommended by the Board or by the Remuneration and Nomination Committee to further extend the skills of the Board members.

Review of Board performance

The Board continually assesses its collective performance, the performance of the Chairman and of its committees. The Chairman also continually undertakes assessment of individual Director performance. Any concerns arising out of these assessments are raised with the Director concerned. The Board prefers to continually monitor performance so that it can immediately address any issues as and when they arise. This practice occurred during the reporting period.

Board access to information and independent advice

When seeking information to enable Directors to perform their duties, subject to the law, the group provides unrestricted access to information and records held by employees or external advisers. The Board also receives regular detailed financial and operational reports from senior executives. In addition, Non-executive Directors are also given the opportunity to meet regularly with senior executives to establish direct relationships.

With prior written approval from the Chairman, each Director and Board committee may, in connection with their duties, obtain independent professional advice at the group's expense.

The role of the Company Secretary

The Company Secretary has been appointed by the Board as the chief administrative officer of the company and the executive officer who ensures all relevant business is brought to the Board and then follows through the implementation of all Board decisions. The Company Secretary is to act in good faith, with care and diligence to:

- ensure the company abides by its constitution, the provisions of the Corporations Act 2001 and the ASX Listing Rules;
- ensure the necessary company registers are established and maintained as required by the Corporations Act 2001;
- undertake the preparation and filing of all relevant ASIC filings within appropriate time limits;
- supervise the organisation of all Board and shareholder meetings via the preparation of notices, agendas, proxy documentation, minutes, etc.;
- keep abreast of current protocols and procedures in order to advise the Chairman and Board as required;
- supervise the issue of share and option allotment notifications; and
- liaise with the ASX and ASIC on behalf of the group.

Committees of the Board

The Board establishes sub-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 and Nomination' Committee and the 'Audit and Risk Management' Committee. The structure, membership and contribution of each committee are reviewed on an annual basis.

Each committee has its own charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All matters determined by the committees are submitted to the full Board as recommendations for Board evaluation.

ASX Principle 3 – Conduct and ethics

Code of Conduct

Altium is committed to conducting business with honesty and integrity and the conduct of every employee is vital in achieving this aim. Altium Limited's Code of Conduct, available at **www.altium.com**, provides a guideline for appropriate behaviour expected from all Altium employees. The code is regularly reviewed and updated to reflect the highest standards of behaviour, professionalism and practice necessary to maintain the group's integrity. It is not intended to cover all issues that may arise, but rather to provide a framework within which employees can address ethical issues that may arise through the daily business of the group.

Employees are expected to perform the duties associated with their position to the best of their ability in a diligent, impartial and conscientious manner. This includes compliance with group policies, and legislative and industrial obligations.

Ethical Behaviour Policy

Altium has implemented an Ethical Behaviour Policy, available at **www.altium.com**, to ensure that if a Director or employee becomes aware of any policy, practice or activity which they reasonably believe is in violation of either the law or company conduct code, they feel they have the necessary support and protection of the group to report the issue.

Share trading

The group has implemented trading guidelines, available at **www.altium.com**, for all staff and Directors. Under the share trading guidelines, all employees and Directors of the group are advised not to trade in Altium Limited's shares or other securities if they are in possession of price sensitive information. These guidelines provide a summary of the Corporations Act 2001 with regards to insider trading, including the possible penalties that can be invoked for breaching the law. Employees are expected to abide by the law at all times. Subject to this guideline and in light of the ASX's continuous disclosure requirements, trading is not restricted to specified windows following the publication of financial results.

In addition, employees and Directors of the group must advise the Company Secretary of their intention to trade and declare that there is no known reason to preclude them from trading in Altium Limited's shares or other securities.

ASX Principle 4 – Financial Reporting Integrity

Audit and Risk Management Committee

The Audit and Risk Management Committee is comprised entirely of Non-executive Directors of which the majority, including the Chairman, are independent. The Chairman, a qualified Chartered Practicing Accountant, is not the Chairman of the Board. The Audit and Risk Management Committee has adopted a charter available at **www.altium.com.** The committee requires a minimum of three members; the members at the date of this report are:

Director Name	Independent status	Date Appointed
Carl Rooke – appointed Chairman on 10 December 2007	Independent	22 June 1999
Samuel Weiss	Independent	23 July 2007
Dr David Warren[1]	-	3 February 2009
William Bartee	Independent	22 June 1999

1 André Pravaz resigned from the Audit and Risk Management Committee on 3 February 2009 and was replaced by Dr David Warren.

The qualifications of each director are disclosed in the Directors report.

The key role of the Audit and Risk Management Committee is to help the Board fulfil its corporate governance and oversight responsibilities covering the group's financial reporting, internal control systems, risk management system and the internal and external audit functions. The role of the committee is not to absolve the individual Board Directors from their responsibilities, but rather to assist them in discharging their responsibility to exercise due care, diligence and skill in relation to the group.

The specific responsibilities outlined in its charter include reporting to the Board on all financial information published by the group or released to the market, assisting the Board in reviewing the effectiveness of the group's internal control environment, recommending to the Board the appointment, removal and remuneration of the external auditor, reviewing the terms of that engagement and the scope and quality of the audit, and reviewing group insurance matters.

When appropriate, the Audit and Risk Management Committee may invite non-committee members to attend meetings to provide information or advice on matters before the committee. The committee also meets from time to time with the external auditor independently of management, to encourage free and open discussion. The composition, operations and responsibilities of the committee are consistent with best practice recommendations. The number of meetings attended by each committee member for the financial year ended 30 June 2009 is outlined in the Directors' report.

Audit governance and independence

As part of the group's commitment to safeguarding integrity in financial reporting, the group has implemented procedures and policies to monitor the independence and competence of the group's external auditors.

Appointment of auditor

The group's current external auditor is PricewaterhouseCoopers. The Audit and Risk Management Committee reviews the auditor independence, performance and effectiveness continually. The selection and appointment of the group's external auditor is the responsibility of the Audit and Risk Management Committee.

Rotation of lead external audit partners

Altium Limited has adopted a policy of rotating its lead audit partner every five years. This policy has been applied to all audit work undertaken in the financial year ended 30 June 2009.

Independence declaration

In accordance with changes introduced by CLERP 9, auditors are now required to state that to the best of their knowledge or belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct in relation to the audit. In accordance with section 298(1) (c) and section 306(2), PricewaterhouseCoopers have provided a copy of this declaration to the Audit and Risk Management Committee for the financial year ended 30 June 2009, which has been included in the Directors' report.

Restrictions on the performance of non-audit services by external auditors

The Audit and Risk Management Committee has implemented a policy that requires the prior approval of the committee for the provision of any non-audit services to the group by the external auditor for any amount above AU$5,000 (2008: AU$20,000). The Audit and Risk Management Committee has also adopted guidelines to assist in identifying the types of services that may compromise the independence of the external auditor.

Attendance of external auditor at Annual General Meetings

PricewaterhouseCoopers will attend Altium Limited's Annual General Meeting and will be available to answer questions on the audit and audit report.

ASX Principle 5 – Disclosure

Continuous disclosure

The continuous disclosure provisions of the Corporations Act 2001 and the listing rules mean that criminal and civil liabilities could be imposed on Altium Limited and its officers if material information is not released to the market in accordance with the ASX listing rules. The group has established written policies, available at www.altium.com, and procedures on information disclosure. The focus of these procedures is on continuous disclosure and improving access to information for all investors.

The Board has nominated the Company Secretary to have responsibility for:

- ensuring compliance with ASX Listing rules and the Corporations Act 2001 continuous disclosure requirements;
- overseeing and coordinating disclosure of information to the stock exchange, analysts, brokers, shareholders, the media and the public; and
- educating Directors and staff on the group's disclosure policies and procedures, and raising awareness of the principles underlying continuous disclosure.

Following changes to the Corporations Act 2001, Altium now predominantly uses an on-line Annual Financial Report, with printed copies only sent to shareholders who have specifically requested one. Shareholders will continue to receive a notice of meeting and proxy form along with a notification of the electronic link to the on-line version of the Annual Financial Report.

In addition, all group announcements, media briefings, press releases and financial reports are available on Altium Limited's website www.altium.com.

ASX Principle 6 – Rights of Shareholders

Altium has a communication policy available at **www.altium.com**, designed to assist in maintaining, and increasing, investor confidence and satisfaction in the accessibility of company information. Altium aims to achieve this by communicating effectively with shareholders, giving them timely access to balanced and understandable information and making it easy for them to participate in general meetings, whilst adhering to the ASX Listing rules and Corporations Act 2001 continuous disclosure requirements. The objective of the policy is to concisely and accurately communicate to shareholders:

- our strategy;
- how we implement that strategy; and
- the financial results consequent upon our strategy and its implementation.

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the company's state of affairs through the use of company announcements, investor updates, financial releases, the Annual Financial Report and Annual General Meeting.

ASX Principle 7 – Risk Management

Risk identification and management

The Board, through the Audit and Risk Management Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The charter of the Audit and Risk Managment Committee is available at **www.altium.com**.

The group is committed to the identification, monitoring and management of risks associated with its business activities, and is embedding in its management and reporting systems a number of risk management controls. These include:

- guidelines and limits for approval of capital expenditure and investments;
- a group regulatory compliance program supported by approved guidelines and standards covering such key areas as occupational health and safety, finance, legal and insurance;
- policies and procedures for the management of financial risk and treasury operations including exposures to foreign currencies and movements in interest rates;
- a formal planning process of product development and upgrade programs for a one to two year horizon;
- annual budgeting and monthly reporting systems for all businesses which enable the monitoring of progress against performance targets and the evaluation of trends;
- appropriate due diligence procedures for acquisitions and divestments; and
- crisis management systems for IT infrastructure within the group.

Financial reporting

The group's financial report preparation and approval process for the financial year ended 30 June 2009 involved both the Chief Executive Officer and Chief Financial Officer giving a sign-off, to the best of their knowledge and belief, that:

- The group's financial report is complete and presents a true and fair view, in all material respects, of the group's financial condition and operating results and is in accordance with the law and applicable accounting standards.
- The financial report is founded on a sound system of risk management and internal compliance and controls which implement the policies adopted by the Board.
- The group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

ASX Principle 8 – Responsible Remuneration

The Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committee at the date of this report are:

Director Name	Independent status	Date Appointed
William Bartee – appointed Chairman on 25 February 2008	Independent	22 June 1999
Samuel Weiss	Independent	25 February 2008
Dr David Warren	-	15 July 2005

André Pravaz resigned from the Remuneration and Nomination Committee on 3 February 2009.

The number of meetings attended by each Director for the financial year ended 30 June 2009 is outlined in the Directors' report.

The Remuneration and Nomination Committee Charter is available at www.altium.com. The main responsibilities of the committee are to:

- advise the Board on remuneration and incentive polices and practices generally, including making specific recommendations on remuneration packages and other terms of employment for Executive and Non-executive Directors, and other senior executives;
- conduct an annual review of the membership of the Board with regard to present and future needs of the group, make recommendations on Board composition and appointments, propose candidates for Board vacancies, oversee Board and Chairman succession, and establish induction guidelines for newly appointed Directors.

The committee has established criteria for Board independence and conducts an annual review of Director's independence. In addition, all transactions between the Company and Directors, or any interests associated with the Directors, are reviewed to ensure the structure and terms of the transaction are in compliance with the Corporations Act 2001 and appropriately disclosed.

Each member of the senior executive team is required to sign a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination.

Remuneration policies

Non-executive Directors' remuneration

The group's Non-executive Directors receive fees for their services and the reimbursement of reasonable expenses. The fees paid to the group's Non-executive Directors reflect the demands on, and the responsibilities of, those Directors. The advice of independent remuneration consultants is taken to ensure that the Directors' fees are in line with market standards. Subject to shareholder approval, Non-executive Directors are eligible to participate in Altium Limited's Directors Option Plan in addition to their remuneration

Executive Directors' and senior executives' remuneration

The structure and disclosure of the group's remuneration policies for Executive Directors and senior executives are outlined in the Directors' report.

A Directors' fee pool limit of AU$700,000 per annum was approved by shareholders at the 2007 Annual General Meeting. An annual Board review of the current levels of Directors' fees determined that there would not be an increase in Director fees in the current period. The Directors' remuneration is outlined in the remuneration report.

The Altium Constitution does not require Directors to hold an Altium share qualification.

Declaration to the Board of Directors in accordance with Section 295A of the Corporations Act 2001

In our opinion:

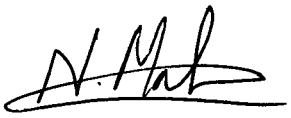
(a) the financial records of the company and the group for the financial year ended 30 June 2009 have been properly maintained in accordance with section 286 of the Corporations Act 2001; and

(b) the financial statements, and the notes to the financial statements, of the company and the group, for the financial year ended 30 June 2009:

(i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the company's and group's financial position as at 30 June 2009 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

(c) the financial records and financial statements have been prepared and founded on a sound system of risk management and internal control, a system which is operating effectively in all material respects in relation to financial reporting.



Nicholas Martin
Chief Executive Officer

Richard Leon
Chief Financial Officer

Sydney
24 August 2009

Financial report
30 June 2009

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This financial report covers both Altium Limited as an individual entity and the group 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: 3 Minna Close, Belrose, NSW 2085.

A description of the group's principal activities is included in the Directors' report on pages 6-17.

The financial report was authorised for issue by the Directors on 24 August 2009. The Directors have the power to amend and reissue the financial report.

Through the use of the internet, Altium has ensured that its 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 the Altium website: www.altium.com. For queries in relation to Altium's reporting please email investor.relations@altium.com.

For the year ended 30 June

		GROUP		ALTIUM LIMITED	
	Notes	**2009 US$'000**	2008 US$'000	**2009 US$'000**	2008 US$'000
Revenue	4	**50,696**	53,073	**32,021**	31,511
Changes in inventories of finished goods and work in progress		**122**	486	**22**	475
Raw materials and consumables used	11	**(1,180)**	(1,948)	**(1,180)**	(2,011)
Employee benefits expense		**(32,269)**	(35,762)	**(12,620)**	(14,438)
Depreciation and amortisation expense	5	**(4,545)**	(4,431)	**(3,199)**	(2,999)
Finance costs	5	**(130)**	(107)	**(280)**	(128)
Rental expense		**(3,509)**	(2,998)	**(1,242)**	(1,090)
Marketing expense		**(3,234)**	(4,331)	**(3,235)**	(4,345)
Travel and entertainment		**(1,770)**	(1,642)	**(568)**	(696)
Professional advice expense		**(1,331)**	(1,412)	**(698)**	(604)
Communications expense		**(940)**	(850)	**(378)**	(362)
Restructuring costs	5	**(1,386)**	-	**(388)**	-
Contract research and development expense		**-**	-	**(5,169)**	(6,671)
Net foreign exchange gain (loss)	5	**948**	(389)	**313**	(544)
Other expenses		**(1,248)**	(3,369)	**(3,532)**	(3,287)
Profit (loss) before income tax		**224**	(3,680)	**(133)**	(5,189)
Income tax (expense) benefit	7	**(561)**	881	**149**	1,682
(Loss) profit attributable to members of Altium Limited		**(337)**	(2,799)	**16**	(3,507)
		US cents	US cents		
Basic earnings per share	8	**(0.4)**	(3.1)		
Diluted earnings per share	8	**(0.4)**	(3.1)		

The above income statements should be read in conjunction with the accompanying notes.

As at 30 June

	Notes	GROUP 2009 US$'000	GROUP 2008 US$'000	ALTIUM LIMITED 2009 US$'000	ALTIUM LIMITED 2008 US$'000
Current assets					
Cash and cash equivalents	9	**3,526**	5,582	**552**	1,617
Trade and other receivables	10	**12,378**	16,089	**6,840**	6,434
Inventories	11	**1,198**	1,239	**1,032**	1,175
Tax receivables	12	**214**	138	**-**	-
Total current assets		**17,316**	23,048	**8,424**	9,226
Non-current assets					
Trade and other receivables	10	**268**	409	**8**	28
Other financial assets	13	**-**	-	**4,746**	5,544
Property, plant and equipment	14	**4,155**	2,120	**3,546**	1,240
Intangible assets	15	**8,487**	12,294	**6,993**	9,797
Deferred tax assets	16	**4,751**	5,008	**3,006**	3,119
Total non-current assets		**17,661**	19,831	**18,299**	19,728
Total assets		**34,977**	42,879	**26,723**	28,954
Current liabilities					
Trade and other payables	17	**4,395**	4,449	**6,687**	2,864
Deferred revenue	18	**10,455**	11,149	**920**	697
Borrowings	19	**395**	365	**274**	266
Tax liabilities	20	**108**	400	**-**	-
Provisions	21	**1,337**	1,987	**904**	1,145
Total current liabilities		**16,690**	18,350	**8,785**	4,972
Non-current liabilities					
Deferred revenue	18	**545**	271	**53**	1
Borrowings	19	**362**	536	**2,496**	2,795
Provisions	21	**262**	305	**262**	304
Total non-current liabilities		**1,169**	1,112	**2,811**	3,100
Total liabilities		**17,859**	19,462	**11,596**	8,072
Net assets		**17,118**	23,417	**15,127**	20,882
Equity					
Contributed equity	22	**77,170**	78,408	**77,170**	78,408
Reserves	23	**5,351**	8,913	**5,688**	9,059
Accumulated losses	24	**(65,403)**	(63,904)	**(67,731)**	(66,585)
Total equity		**17,118**	23,417	**15,127**	20,882

The above balance sheets should be read in conjunction with the accompanying notes.

For the year ended 30 June

		GROUP		ALTIUM LIMITED	
	Notes	**2009 US$'000**	2008 US$'000	**2009 US$'000**	2008 US$'000
Total equity at 1 July		**23,417**	27,920	**20,882**	26,288
Exchange differences on translation of foreign operations (net of tax)	23	**(3,756)**	2,877	**(3,565)**	2,682
(Loss) profit for the year		**(337)**	(2,799)	**16**	(3,507)
Total recognised income and expense		**(4,093)**	78	**(3,549)**	(825)
Transactions with equity holders in their capacity as equity holders:					
Dividends paid	25	**(1,162)**	-	**(1,162)**	-
Return of capital	22	**(1,238)**	(4,748)	**(1,238)**	(4,748)
Employee share options	23	**194**	157	**194**	157
Issue of shares	22	**-**	10	**-**	10
Total equity at 30 June		**17,118**	23,417	**15,127**	20,882

The above statements of changes in equity should be read in conjunction with the accompanying notes.

For the year ended 30 June

	Notes	GROUP 2009 US$'000	GROUP 2008 US$'000	ALTIUM LIMITED 2009 US$'000	ALTIUM LIMITED 2008 US$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**53,748**	57,856	**29,707**	32,888
Payments to trade creditors, other suppliers and employees (inclusive of goods and services tax)		**(47,418)**	(54,333)	**(24,546)**	(34,425)
Interest received		**126**	282	**121**	357
Interest paid		**(130)**	(107)	**(280)**	(128)
Dividend received		**-**	-	**1,297**	-
Net income taxes (paid) received		**(1,004)**	(664)	**(159)**	145
Net cash inflows (outflows) from operating activities	31	**5,322**	3,034	**6,140**	(1,163)
Cash flows from investing activities					
Payments for research and development		**(1,347)**	(1,620)	**(1,347)**	(1,500)
Payments for property, plant and equipment		**(2,799)**	(723)	**(2,634)**	(422)
Proceeds from sale of property, plant and equipment		**20**	-	**-**	11
Payments for shares in controlled entities		**-**	-	**-**	(17)
Amounts granted to related parties		**-**	(40)	**(119)**	-
Repayment of amounts due by related parties		**-**	-	**-**	3,290
Net cash (outflows) inflows from investing activities		**(4,126)**	(2,383)	**(4,100)**	1,362
Cash flows from financing activities					
Proceeds from issues of shares		**-**	10	**-**	10
Proceeds from borrowings		**-**	-	**3,628**	-
Repayment of borrowings		**(426)**	(443)	**(4,021)**	(249)
Return of capital		**(1,238)**	(4,748)	**(1,238)**	(4,748)
Dividend paid		**(1,162)**	-	**(1,162)**	-
Net cash outflows from financing activities		**(2,826)**	(5,181)	**(2,793)**	(4,987)
Net decrease in cash held		**(1,630)**	(4,530)	**(753)**	(4,788)
Cash at beginning of the financial year		**5,582**	9,031	**1,617**	5,732
Effects of exchange rate changes on cash		**(426)**	1,081	**(312)**	673
Cash at end of the financial year	9	**3,526**	5,582	**552**	1,617
Non-cash financing and investing activities	31				

The above cash flow statements should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The principle accounting policies adopted in the preparation of the financial report are set out on the following pages. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Altium Limited as an individual entity and the group consisting of Altium Limited and its subsidiaries.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS
The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention.

Comparatives
Certain balances in the prior period have been reclassified in order to conform with the current year presentation.

b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Altium Limited as at 30 June 2009 and the results of all subsidiaries for the same period. Altium Limited and its subsidiaries together are referred to in this financial report as the group.

Subsidiaries are all those entities over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control transfers to the group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. Investments in subsidiaries are accounted for at the lower of cost or recoverable value in the individual financial statements of Altium Limited.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the group.

c) Presentation currency

The presentation currency of the group changed from the Australian dollar to the US dollar in 2008. Altium Limited has selected US dollars as its presentation currency for the following reasons:

- a significant portion of Altium Limited's activity is denominated in US dollars; and
- US dollars is the currency used in Altium Limited's major markets

The functional currency of Altium Limited is Australian dollars.

d) Foreign currency translation

(i) Functional currency – Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

(ii) Transactions and balances – Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies – The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions;
- all resulting exchange differences are recognised as a separate component of equity.

e) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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 exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group and specific criteria have been met for each of the group's activities as described below.

Revenue is recognised for the major business activities as follows:

(i) Software – revenue is recognised when software has been despatched to a customer pursuant to a sales order and the associated risks have passed to the customer.

(ii) Support and assurance – revenue recognition is deferred and taken to the income statement over the period in which the service is provided.

(iii) Training services – revenue is recognised at the time the service is provided.

(iv) Project services – for fixed price contracts, the stage of completion is measured by reference to services performed to date as a percentage of total services to be performed. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus time spent on each contract.

(v) Hardware – revenue is recognised when hardware has been despatched to a customer pursuant to a sales order and the associated risks have passed to the customer.

(vi) Interest income – revenue is recognised on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(vii) Dividends – Dividends are recognised as revenue when the right to receive payment is established.

In multiple element arrrangements where licenses and service elements are sold as a bundled product, the fair value of the service element is recognised as revenue over the period during which the service is performed.

g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

i) Trade receivables

Trade receivables, which generally have 30 – 90 day terms, are measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

j) Inventories

Finished goods and raw materials are stated at the lower of cost and net realisable value. Cost of inventories comprises direct cost of materials and conversion after deducting rebates and discounts. Costs have been assigned to inventory quantities on hand using the first-in, first-out basis. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.

k) Investments and other financial assets

Investments are recognised and derecognised on the date that the group commits to purchase or sell the asset. They are measured at fair value, plus directly attributable transaction costs.

The group classifies its financial assets as loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in non-current assets, except for those with maturities less than 12 months after the balance sheet date which are classified as current assets. Loans and receivables are included in receivables in the balance sheet.

l) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Plant and equipment are depreciated and leasehold improvements are amortised over their estimated useful lives using the straight-line method. Assets held under finance lease are depreciated over their expected useful lives as owned assets or, where shorter, the term of the relevant lease.

The expected useful lives of the assets are as follows:

Office equipment	3 – 5 years
Computer hardware and software	2 – 3 years
Leasehold improvements	5 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date or when there is an indication that they have changed.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(o)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

m) Intangible assets

(i) Acquired software intellectual property and databases – Acquisition costs of software licenses, databases, 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.

(ii) Internally generated intangible assets – Development costs relating to internally generated software are treated as per note 1(n).

(iii) 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.

n) Research and development expenditure

Expenditure on research activities, undertaken with the prospect of obtaining new technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities is charged to operating profit before income tax as incurred, or deferred where these costs are directly associated with either integration of acquired technology or the development of new 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. The costs capitalised comprise directly attributable costs, including costs of materials, services and direct labour. 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 2 to 10 years.

o) Impairment of assets

Intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets not ready for use are reviewed for impairment annually irrespective of whether there is an indicator of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

p) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

q) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and risks specific to the liability.

r) Employee benefits

(i) Wages and salaries, annual leave and sick leave – Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Defined contribution superannuation plans – The group contributes to employee defined contribution superannuation plans. Contributions to these plans are recognised as an expense as they become payable.

(iii) Long service leave – The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iv) Share based payments – Share based compensation benefits are provided to employees via the Altium Employee Share Option Plan, Altium Director Share Option Plan and Altium Option Plan. Information relating to these schemes is set out in note 26.

The fair value of options granted under the Altium Employee Share Option Plan, Altium Director Share Option Plan and Altium Option Plan, is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a derivative of the Black Scholes option-pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

(v) Bonus plans – The expected cost of bonus payments is recognised when there is a legal or constructive obligation to make such payments as a result of past performance and the obligation can be measured reliably.

s) Leases

Leases of property, plant and equipment, where the group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are classified as borrowings in the balance sheet. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

t) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred.

u) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If Altium reacquires its own equity instruments, for example as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

v) Earnings per share

(i) Basic earnings per share – Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the 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 to take 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.

w) Dividends

A provision is made for the amount of any dividend on the date they are declared, being appropriately authorised but not distributed at balance sheet date.

x) Segment reporting

AASB 8 'Operating Segments' was early adopted by the group in 2008. AASB 8 replaces AASB 114 'Segment reporting' and aligns segment reporting with the requirements of the US standards SFAS 131 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a change in the reportable segments presented. There has been no impact on the measurement of the group's assets and liabilities.

An operating segment is a component of an entity that engages in business activities whose results are reviewed regularly and for which discrete financial information is available. Operating segments are identified using internal reports reviewed by the chief operating decision makers who are evaluating segment performance and deciding how to allocate resources of operating segments.

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 other intangible assets, net of related provisions. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes.

y) Goods and services tax (GST)

Goods and services tax include other similar taxes used worldwide.

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flow.

z) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments 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 US dollars, or in certain cases, the nearest US dollar.

aa) New accounting standards and interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2009 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective 1 January 2009)
The September 2007 revised AASB101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. The group will apply the revised standard from 1 July 2009.

Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective 1 January 2009)
The revised AASB 123 has removed the option to expense all borrowing costs and will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This will be a change to the group's current accounting policy which is to expense all borrowing costs as incurred. The group will apply the revised AASB 123 from 1 July 2009 and capitalise its borrowing costs relating to all qualifying assets for which the commencement date for capitalisation is on or after this date. The impact on the financial statements will depend on the amount of qualifying assets and related borrowing costs in the first year of application. Had the revised standard been applied in the current financial year there would have been no impact as the group had incurred no borrowing costs in relation to qualifying assets.

AASB 2008-1 Amendments to Australian Accounting Standard – Share based payments: Vesting Conditions and Cancellations (effective 1 January 2009)
AASB 2008-1 clarifies that vesting conditions can only be service and performance conditions and that other features of a share based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the group's share based payments.

2. Critical accounting estimates and judgements

The preparation of financial statements in conformity with AASB requires management to make judgements, estimates and assumptions that affect the application of policies, reported amounts of assets, liabilities, income and expenses and related disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

(a) Impairment tests of assets and intangibles

Impairment tests are only conducted if there is an impairment indicator. Impairment tests are conducted annually for intangible assets not yet ready for use irrespective of whether there is an indicator of impairment. Future cash flows are based on management's estimate of future market value conditions. These cash flows are then discounted and compared to the current carrying value, and if lower, the asset is impaired to the present value of the cash flows. Impairment tests are based on information available at the time of testing. These conditions may change after year end.

(b) Estimate of asset lives, residual lives and depreciation methods

Property, plant and equipment are depreciated over their useful lives taking into account residual values. Intangible assets are amortised over their useful lives. Useful lives are affected by technology innovations. Future market conditions determine residual values. Depreciation and amortisation are calculated on a straight-line basis which may not represent the actual usage of the asset.

(c) Multiple element contracts

Revenue is recognised from multiple element contracts by attributing a fair value to each element of the contract and then recognizing revenue according to the accounting policy stated in Note 1(f). Fair values are based on historical sales information for the discrete elements.

(d) Valuation of share based payments

The group has various share option schemes. The fair value of these schemes is determined at inception based on assumptions of market conditions and discount rates. The market conditions at inception may differ significantly to the eventual outcome.

(e) Tax losses

The group has recognised deferred tax assets for unused tax losses where it is considered probable that future taxable amounts will be available to utilise these losses.

3. Segment information

Description of segments

Management has determined the operating segments based on the reports used by the Board and executive team to make strategic decisions and review operational performance.

The Board and executive team consider the business from a geographical perspective and have identified four reportable segments:

- Americas – comprises the sales of products throughout the USA, Canada and South America;
- EMEA – comprises the sales of products throughout Europe, the Middle East and Africa;
- Greater China – comprises the sales of products throughout the People's Republic of China, Taiwan and Hong Kong; and
- Asia Pacific – comprises the sales of products throughout the rest of Asia, Australia and New Zealand.

Global functions, including research and development, are included in the "Other" column. Sales and revenue in this segment relate to consulting services, which are included as a recovery of research and development costs in the reports provided to the Board and executive team.

Segment information provided to the Board and executive team

The segment information provided to the Board and executive team for the reportable segments is as follows:

2009	Americas US$'000	EMEA US$'000	Greater China US$'000	Asia Pacific US$'000	Others US$'000	Total US$'000
Revenue from external customers	19,388	17,304	7,528	5,646	689	50,555
Segment sales	19,375	17,819	7,773	5,662	729	51,358
Adjusted operating profit	11,237	10,600	5,159	2,721	(25,814)	3,903
Depreciation	210	89	74	62	735	1,170
Total segment assets	6,240	6,310	1,869	6,058	9,535	30,012
Total segment liabilities	5,944	4,879	178	4,075	1,918	16,994

2008	Americas US$'000	EMEA US$'000	Greater China US$'000	Asia Pacific US$'000	Others US$'000	Total US$'000
Revenue from external customers	19,870	19,262	6,832	5,820	980	52,764
Segment sales	21,293	20,225	6,904	6,527	890	55,839
Adjusted operating profit	10,121	11,786	4,819	1,683	(26,676)	1,733
Depreciation	195	110	22	74	657	1,058
Total segment assets	8,229	8,904	1,739	6,346	12,515	37,733
Total segment liabilities	6,678	5,317	208	2,988	2,970	18,161

Other segment information

Segment sales and segment revenue

Sales between segments are excluded from the segment information and do not form part of the reports used by the Board and executive team. Segment sales is the measure used by the Board and executive team and consists of the following amounts invoiced for:

- software despatched to a customer;
- support and assurance contracts invoiced pursuant to a sales order; and
- training services invoiced pursuant to a sales order.

Segment revenue is the revenue recognised as per AASB 118 Revenue and consists of the following:

- software despatched to a customer where the associated risks have passed to the customer;
- support and assurance services performed during the period; and
- training services performed during the period.

Segment sales reconciles to total revenue as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Total segment sales	**51,358**	55,839
Net adjustment for deferred revenue recognition	**(803)**	(3,075)
Total segment revenue	**50,555**	52,764
Interest revenue	**126**	282
Other revenue	**15**	27
Total revenue	**50,696**	53,073

The entity is domiciled in Australia. The revenue derived from external customers in Australia is US$2,132,000 (2008: US$2,134,000), and the total revenue derived from external customers from other countries is US$48,423,000 (2008: US$50,630,000). Revenues of US$18,403,000 were derived from the United States (2008: US$17,826,000) and revenues of US$8,423,000 from Germany (2008: US$8,971,000). Segment revenues are allocated based on the country in which the customer is located.

Adjusted operating profit

The Board and executive team assess the performance of the operating segments using an adjusted operating profit measure. This measure incorporates segment sales (as described above), excludes non-cash expenses, including amortisation and share based payments, non-recurring expenditure, foreign exchange gains and losses, and research and development employee costs capitalised.

Adjusted operating profit reconciles to profit (loss) before income tax as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Adjusted operating profit	**3,903**	1,733
Net adjustment for deferred revenue recognition	**(803)**	(3,075)
Amortisation	**(3,375)**	(3,373)
Share based payments expense	**(194)**	(157)
Restructuring costs	**(1,386)**	-
Capitalisation research and development employee costs	**1,211**	1,384
Foreign exchange translation differences	**948**	(389)
Other	**(80)**	197
Profit (loss) before income tax	**224**	(3,680)

Segment assets

Amounts provided to the Board and executive team in relation to assets are measured in a manner consistent with the financial statements. Assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Segment assets	**30,012**	37,733
Unallocated:		
Current tax	**214**	138
Deferred tax	**4,751**	5,008
Total assets as per the balance sheet	34,977	42,879

The total of non-current assets other than financial instruments and deferred tax assets located in Australia is US$10,539,000 (2008: US$11,037,000), and the total of these non-current assets located in other countries is US$2,103,000 (2008: US$3,377,000). Segment assets are allocated based on the country in which the asset is located.

Segment liabilities

Amounts provided to the Board and executive team in relation to liabilities are measured in a manner consistent with the financial statements. Liabilities are allocated based on the operations of the segment.

The group's interest bearing liabilities are not considered to be segment liabilities as they are managed by the finance function.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	GROUP	
	2009 US$'000	2008 US$'000
Segment liabilities	**16,994**	18,161
Unallocated:		
Current tax	**108**	400
Current borrowings	**395**	365
Non-current borrowings	**362**	536
Total liabilities as per the balance sheet	**17,859**	19,462

4. Revenue

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Revenue				
Software licence revenue	**29,987**	34,734	**9,112**	8,627
Support and assurance revenue	**17,234**	14,363	**950**	629
Service revenue	**2,394**	2,765	**248**	197
Hardware revenue	**940**	902	**341**	422
Intercompany revenue	**-**	-	**19,939**	21,257
	50,555	52,764	**30,590**	31,132
Other revenue				
Interest	**126**	282	**119**	262
Intercompany interest	**-**	-	**2**	95
Dividend income	**-**	-	**1,297**	-
Other	**15**	27	**13**	22
	141	309	**1,431**	379
Total revenue	**50,696**	53,073	**32,021**	31,511

5. Expenses

Profit (loss) before income tax includes the following specific expenses:

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Cost of revenue				
Goods	**1,325**	2,073	**1,369**	1,963
Services	**201**	245	**25**	30
Total costs of revenue	**1,526**	2,318	**1,394**	1,993
Net foreign exchange (gain) losses	**(948)**	389	**(313)**	544
Depreciation				
Plant and equipment	**504**	527	**280**	270
Leasehold improvements	**226**	87	**168**	38
Plant and equipment under finance leases	**440**	444	**277**	297
Total depreciation	**1,170**	1,058	**725**	605
Amortisation				
Internally generated intangibles	**1,822**	1,590	**1,743**	1,510
Acquired software intellectual property	**1,361**	1,572	**731**	884
Databases	**192**	211	**-**	-
Total amortisation	**3,375**	3,373	**2,474**	2,394

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Loss (gain) on sale of non-current assets	**5**	5	**(7)**	5
Other charges against assets				
Write down of inventories to net realisable value	**-**	46	**-**	46
Bad and doubtful debts	**24**	60	**42**	61
Write down of loans receivable to fair value	**-**	368	**-**	368
Restructuring costs				
Redundancy costs	**1,070**	-	**388**	-
Other	**316**	-	**-**	-
Total restructuring costs	**1,386**	-	**388**	-
Finance costs				
Interest paid/payable	**13**	3	**202**	83
Finance charges relating to finance leases	**117**	104	**78**	45
Total finance costs	**130**	107	**280**	128
Operating leases relating to:				
Office rent	**2,913**	2,449	**1,052**	872
Equipment	**342**	145	**25**	8
Total cost of operating leases	**3,255**	2,594	**1,077**	880
Defined contribution superannuation expense	**1,484**	1,923	**836**	1,151
Research and development costs incurred	**7,871**	10,069	**8,680**	11,391
Less: development costs capitalised	**(1,347)**	(1,620)	**(1,347)**	(1,620)
Research and development costs expensed	**6,524**	8,449	**7,333**	9,771

6. Remuneration of auditors

During the year the auditor of Altium Limited, its related practices and non-related audit firms earned the following remuneration:

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Assurance services				
Audit and review of financial reports and other audit work under the Corporations Act 2001				
PricewaterhouseCoopers Australian firm	**302,498**	278,679	**302,498**	278,679
Related practices of PricewaterhouseCoopers Australian firm	**59,693**	76,260	**-**	9,408
Non-PricewaterhouseCoopers audit firm	**10,979**	5,553	**-**	3,067
Total remuneration for assurance services	**373,170**	360,492	**302,498**	291,154
Taxation services				
PricewaterhouseCoopers Australian firm:				
Tax compliance services, including review of company income tax returns	**21,598**	11,584	**21,598**	11,584
Tax consulting and tax advice	**9,617**	2,113	**9,617**	2,113
Related practices of PricewaterhouseCoopers Australian firm:				
Tax compliance services, including review of company income tax returns	**240,823**	226,611	**48,248**	786
Tax consulting and tax advice	**82,062**	47,454	**1,312**	8,349
Total remuneration for taxation services	**354,100**	287,762	**80,775**	22,832
Advisory services				
PricewaterhouseCoopers Australian firm	**7,024**	13,904	**7,024**	13,904
Related practices of PricewaterhouseCoopers Australian firm	**9,170**	22,258	**7,907**	-
Total remuneration for advisory services	**16,194**	36,162	**14,931**	13,904

From time to time the company will employ accountants to provide consulting services. The group has a policy of seeking competitive tender for all major projects. The annual audit fee for the group is approved by the Audit and Risk Management Committee.

7. Income Tax

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
(a) Income tax expense (benefit)				
Current tax	**960**	677	**181**	-
Deferred tax	**(224)**	(1,521)	**(330)**	(1,641)
Adjustments in respect of current income tax of prior years	**(175)**	(37)	**-**	(41)
	561	(881)	**(149)**	(1,682)
Deferred income tax benefit included in income tax benefit comprises:				
Increase in deferred tax assets (note 16)	**(224)**	(1,556)	**(330)**	(1,641)
Increase in deferred tax liabilities (note 16)	**-**	35	**-**	-
	(224)	(1,521)	**(330)**	(1,641)
(b) Numerical reconciliation of income tax expense (benefit) to prima facie tax payable				
Profit (loss) before income tax	**224**	(3,680)	**(133)**	(5,189)
Income tax calculated at 30%	**67**	(1,104)	**(40)**	(1,557)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Research and development concession	**(353)**	(443)	**(353)**	(443)
Intellectual property amortisation	**137**	159	**13**	15
Attribution of income	**127**	-	**127**	-
Share based payments	**54**	20	**34**	17
Impairment of loans	**-**	116	**-**	116
Dividend income	**-**	-	**(447)**	-
Sundry items	**137**	193	**162**	211
	169	(1,059)	**(504)**	(1,641)
Adjustments in respect of current income tax of prior years	**(175)**	(37)	**-**	(41)
Tax credits written down	**355**	-	**355**	-
Effects of changes in income tax rates	**-**	75	**-**	-
Effects of different rates of tax on overseas income	**212**	140	**-**	-
Aggregate income tax expense (benefit)	**561**	(881)	**(149)**	(1,682)
(c) Amounts recognised directly in equity				
Net tax credited directly to equity	**207**	-	**-**	-
(d) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**4,093**	5,207	**-**	-
Potential tax benefit	**955**	1,328	**-**	-

Evidence supporting the recognition of the net deferred tax asset of US$4,751,000 (group) and US$3,006,000 (Altium Limited) includes the following:

(i) there is no expiry date under current tax legislation for the tax losses that are recognised as a deferred tax asset , and

(ii) profitable trading performance of the group in 2009, and

(iii) 2008 saw a significant one-off investment in increased headcount, and

(iv) future profit projections indicate it is probable that the deferred tax asset will be recovered.

The benefit for tax losses will only be obtained if:

(i) the group 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 group, and

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

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

8. Earnings per share

	GROUP	
	2009 US cents	2008 US cents
Basic earnings per share	**(0.4)**	(3.1)
Diluted earnings per share	**(0.4)**	(3.1)

	GROUP	
	2009 Number	2008 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**89,162,009**	89,159,502
Adjustment for share options for the calculation of diluted earnings per share	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	**89,162,009**	89,159,502

	GROUP	
	2009 US$'000	2008 US$'000
Earnings used for basic and diluted earnings per share	**(337)**	(2,799)
Loss per income statement	**(337)**	(2,799)

Information concerning the classification of securities

Options granted under the Altium Employee Share Option Plan, Altium Director Share Option Plan and Altium 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 note 26.

For the years ended 30 June 2009 and 30 June 2008, all options were anti-dilutive and were not included in the calculation of diluted earnings per share.

9. Cash and cash equivalents

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Cash at bank and on hand	**3,526**	5,582	**552**	1,617

10. Trade and other receivables

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Current				
Trade receivables	**11,141**	15,143	**2,296**	3,444
Less: provision for impairment	**(128)**	(365)	**(10)**	(79)
Intercompany trade receivables[1]	**-**	-	**3,694**	2,464
	11,013	14,778	**5,980**	5,829
Prepayments	**332**	570	**220**	155
Other receivables	**857**	386	**464**	95
Loans to key management personnel (net of provision)[1]	**25**	202	**25**	202
Employee loans (net of provision)[2]	**151**	153	**151**	153
	12,378	16,089	**6,840**	6,434
Non-current				
Long-term deposits	**268**	409	**8**	28

1 Further information on loans to related parties and key management personnel is set out in notes 29 and 30.
2 The loans advanced are charged at the "benchmark interest rate" under the Fringe Benefits Tax Assessment Act 1986 (Cwlth) as at 30 June 2009 being 5.85% p.a. (2008: 9.00%). The above unsecured loans are for a five year term or repayable within thirty days of separation. During the year repayments of US$174,943 (2008: US$38,983) were made. An assessment of the carrying value of all employee loans is conducted by the Directors at the end of each reporting period. Where the Directors believe that the carrying value is impaired, the loan is written down to the realisable value.

At 30 June 2009, a portion of the receivables was past due but not considered impaired. No specific collection issues have been identified. The ageing of these receivables is as follows:

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
1 month or less past due	**1,425**	3,127	**136**	824
Between 1 and 2 months past due	**776**	738	**16**	403
Over 2 months past due	**818**	1,006	**147**	709
	3,019	4,871	**299**	1,936

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Movements in the provision for impairment of receivables are as follows:				
Balance at 1 July	**(365)**	(393)	**(79)**	(94)
Amounts recognised as an expense	**(24)**	(60)	**(42)**	(61)
Amounts written off as uncollectable	**253**	117	**107**	88
Translation differences	**8**	(29)	**4**	(12)
Balance at 30 June	**(128)**	(365)	**(10)**	(79)

The loss has been included in other expenses in the income statement. Amounts are written off when all avenues for collection have been exhausted and there is no expectation of recovery.

Movements in the provision for impairment of key management are as follows:				
Balance at 1 July	**(372)**	(47)	**(372)**	(47)
Amounts recognised as an expense	**-**	(321)	**-**	(321)
Amounts transferred to employee loans	**193**	-	**193**	-
Translation differences	**9**	(4)	**9**	(4)
Balance at 30 June	**(170)**	(372)	**(170)**	(372)

Movements in the provision for impairment of employee loans are as follows:				
Balance at 1 July	**(16)**	(7)	**(16)**	(7)
Amounts recognised as income (expense)	**53**	(9)	**53**	(9)
Amounts transferred from key management	**(193)**	-	**(193)**	-
Translation differences	**14**	-	**14**	-
Balance at 30 June	**(142)**	(16)	**(142)**	(16)

11. Inventories

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Finished goods	**337**	511	**181**	505
Raw materials	**861**	728	**851**	670
	1,198	1,239	**1,032**	1,175

Inventories recognised as an expense during the year ended 30 June 2009 amounted to US$1,179,540 (2008:US$1,901,958). Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2008 amounted to US$45,786. There was no write-down of inventory for the year ended 30 June 2009. The expense has been included in raw materials and consumables used in the income statement.

12. Current tax receivables

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Income tax	**214**	138	**-**	-

13. Other financial assets

	ALTIUM LIMITED	
	2009 US$'000	2008 US$'000
Shares in subsidiaries	**4,746**	5,544

Investments in controlled entities comprise:

Name of entity	Country of incorporation	Equity holding		Investment in subsidiary	
		2009 %	2008 %	**2009 US$'000**	2008 US$'000
Altium Netherlands BV – at recoverable amount	Netherlands	**100**	100	**1,578**	1,883
- Altium BV[1] – at recoverable amount	Netherlands	**100**	100	**-**	-
- Altium Limited (UK)	UK	**100**	100	**-**	-
Altium Inc. – at recoverable amount	USA	**100**	100	**-**	-
Altium Europe GmbH	Germany	**100**	100	**2,748**	3,280
Protel AG	Switzerland	**100**	100	**80**	96
Altium Japan KK	Japan	**100**	100	**93**	109
Altium Information Technology (Shanghai) Co. Ltd	China	**100**	100	**247**	176

1 Altium Limited holds 37.4% (2008: 37.4%) of shares in Altium BV directly. The remaining 62.6% (2008: 62.6%) is held indirectly through Altium Netherlands BV.

14. Property, plant and equipment

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Plant and equipment at cost	**1,831**	1,925	**1,262**	1,014
Less: accumulated depreciation	**(789)**	(932)	**(507)**	(424)
	1,042	993	**755**	590
Leasehold improvements at cost	**2,520**	448	**2,391**	226
Less: accumulated depreciation	**(109)**	(182)	**(71)**	(97)
	2,411	266	**2,320**	129
Leased plant and equipment	**1,513**	1,252	**997**	790
Less: accumulated amortisation	**(811)**	(391)	**(526)**	(269)
	702	861	**471**	521
Total property, plant and equipment	**4,155**	2,120	**3,546**	1,240

Reconciliations

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

Group	Plant and equipment US$'000	Leasehold improvements US$'000	Leased plant and equipment US$'000	Total US$'000
Carrying amount at 1 July 2007	855	195	745	1,795
Additions	589	134	517	1,240
Disposals	(41)	-	(14)	(55)
Reclassification	8	-	(8)	-
Translation differences	109	24	65	198
Depreciation expense (note 5)	(527)	(87)	(444)	(1,058)
Carrying amount at 30 June 2008	993	266	861	2,120
Additions	708	2,091	446	3,245
Disposals	(19)	-	-	(19)
Translation differences	(136)	280	(165)	(21)
Depreciation expense (note 5)	(504)	(226)	(440)	(1,170)
Carrying amount at 30 June 2009	1,042	2,411	702	4,155

Altium Limited	Plant and equipment US$'000	Leasehold improvements US$'000	Leased plant and equipment US$'000	Total US$'000
Carrying amount at 1 July 2007	432	93	483	1,008
Additions	363	59	285	707
Disposals	-	-	(15)	(15)
Translation differences	65	15	65	145
Depreciation expense (note 5)	(270)	(38)	(297)	(605)
Carrying amount at 30 June 2008	590	129	521	1,240
Additions	557	2,077	393	3,027
Translation differences	(112)	282	(166)	4
Depreciation expense (note 5)	(280)	(168)	(277)	(725)
Carrying amount at 30 June 2009	755	2,320	471	3,546

During the year a number of fully depreciated assets have been disposed of. As these assets were fully written down there was no impact on the financial results of the group.

15. Intangible assets

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Internally generated intangibles at cost	**12,967**	13,663	**12,554**	13,250
Less: accumulated amortisation	**(7,602)**	(6,679)	**(7,232)**	(6,388)
	5,365	6,984	**5,322**	6,862
Acquired software intellectual property at cost	**12,246**	13,465	**6,305**	7,525
Less: accumulated amortisation	**(9,719)**	(9,045)	**(4,634)**	(4,590)
	2,527	4,420	**1,671**	2,935
Databases at cost	**2,841**	3,192	**-**	-
Less: accumulated amortisation	**(2,246)**	(2,302)	**-**	-
	595	890	**-**	-
Total intangible assets	**8,487**	12,294	**6,993**	9,797

Reconciliations

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

Group	Internally generated intangibles US$'000	Acquired software intellectual property US$'000	Databases US$'000	Total US$'000
Carrying amount at 1 July 2007	6,154	5,597	957	12,708
Additions	1,620	-	-	1,620
Translation differences	800	395	144	1,339
Amortisation expense (note 5)	(1,590)	(1,572)	(211)	(3,373)
Carrying amount at 30 June 2008	**6,984**	**4,420**	**890**	**12,294**
Additions	1,347	-	-	1,347
Translation differences	(1,144)	(532)	(103)	(1,779)
Amortisation expense (note 5)	(1,822)	(1,361)	(192)	(3,375)
Carrying amount at 30 June 2009	**5,365**	**2,527**	**595**	**8,487**

Altium Limited	Internally generated intangibles US$'000	Acquired software intellectual property US$'000	Databases US$'000	Total US$'000
Carrying amount at 1 July 2007	5,953	3,421	-	9,374
Additions	1,620	-	-	1,620
Translation differences	799	398	-	1,197
Amortisation expense (note 5)	(1,510)	(884)	-	(2,394)
Carrying amount at 30 June 2008	**6,862**	**2,935**	**-**	**9,797**
Additions	1,347	-	-	1,347
Translation differences	(1,144)	(533)	-	(1,677)
Amortisation expense (note 5)	(1,743)	(731)	-	(2,474)
Carrying amount at 30 June 2009	**5,322**	**1,671**	**-**	**6,993**

During the year a number of fully amortised assets have been disposed of. As these assets were fully written down there was no impact on the financial results of the group.

Impairment test for intangible assets

The recoverable amount of the group's intangible assets has been assessed based on value-in-use calculations. The calculations use cash flow projections based on actual results achieved for 2009. Future cash flows have been extrapolated using average sales growth rates of 5.0% per annum and average cost growth rates of 2.5% per annum. A pre-tax discount rate of 15.16% is applied to pre-tax cash flow projections.

16. Deferred tax

Group	Assets		Liabilities		Net	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000	**2009 US$'000**	2008 US$'000
Property, plant and equipment	**145**	166	**11**	-	**134**	166
Intangible assets	**387**	341	**2,075**	2,886	**(1,688)**	(2,545)
Finance leases	**3**	14	**-**	-	**3**	14
Foreign currency revaluations	**304**	85	**-**	33	**304**	52
Employee benefits	**414**	625	**2**	3	**412**	622
Provisions	**131**	255	**-**	-	**131**	255
Tax losses	**4,092**	4,410	**-**	-	**4,092**	4,410
Foreign tax credits	**1,363**	2,034	**-**	-	**1,363**	2,034
	6,839	7,930	**2,088**	2,922	**4,751**	5,008
Set-off (pursuant to set-off provisions)	**(2,088)**	(2,922)	**(2,088)**	(2,922)	**-**	-
	4,751	5,008	**-**	-	**4,751**	5,008
Deferred tax to be recovered after 12 months	**3,282**	6,146	**2,086**	2,886	**1,196**	3,260
Deferred tax to be recovered within 12 months	**3,557**	1,784	**2**	36	**3,555**	1,748
	6,839	7,930	**2,088**	2,922	**4,751**	5,008
Movement in temporary differences during the year:						
Balance at 1 July	**5,008**	3,013	**-**	-		
Translation differences	**(481)**	439	**-**	(35)		
Charged to the income statement	**224**	1,556	**-**	35		
Balance at 30 June	**4,751**	5,008	**-**	-		

Altium Limited	Assets		Liabilities		Net	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000	**2009 US$'000**	2008 US$'000
Property, plant and equipment	**-**	53	**11**	-	**(11)**	53
Intangible assets	**-**	-	**2,075**	2,886	**(2,075)**	(2,886)
Finance leases	**3**	14	**-**	-	**3**	14
Foreign currency revaluations	**303**	85	**-**	12	**303**	73
Employee benefits	**331**	435	**-**	-	**331**	435
Provisions	**58**	99	**-**	-	**58**	99
Tax losses	**3,830**	4,303	**-**	-	**3,830**	4,303
Foreign tax credits	**567**	1,028	**-**	-	**567**	1,028
	5,092	6,017	**2,086**	2,898	**3,006**	3,119
Set-off (pursuant to set-off provisions)	**(2,086)**	(2,898)	**(2,086)**	(2,898)	**-**	-
	3,006	3,119	**-**	-	**3,006**	3,119
Deferred tax to be recovered after 12 months	**2,233**	4,599	**2,086**	2,886	**147**	1,713
Deferred tax to be recovered within 12 months	**2,859**	1,418	**-**	12	**2,859**	1,406
	5,092	6,017	**2,086**	2,898	**3,006**	3,119
Movement in temporary differences during the year:						
Balance at 1 July	**3,119**	1,181	**-**	-		
Translation differences	**(443)**	297	**-**	-		
Charged to the income statement	**330**	1,641	**-**	-		
Balance at 30 June	**3,006**	3,119	**-**	-		

17. Trade and other payables

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Trade payables	**2,001**	1,764	**1,147**	926
Intercompany trade payables	**-**	-	**4,358**	933
Other payables	**2,394**	2,685	**1,182**	1,005
	4,395	4,449	**6,687**	2,864

18. Deferred revenue

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Current				
Deferred support and assurance contract revenue	**9,757**	9,944	**840**	639
Deferred software license and hardware revenue	**104**	809	**16**	38
Other deferred revenue	**594**	396	**64**	20
	10,455	11,149	**920**	697
Non-current				
Deferred support and assurance contract revenue	**545**	271	**53**	1

19. Borrowings

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Current				
Lease liabilities (note 27)	**395**	365	**274**	266
Non-current				
Lease liabilities (note 27)	**362**	536	**173**	258
Amounts due to subsidiaries[1]	**-**	-	**2,323**	2,537
	362	536	**2,496**	2,795

1 Amounts due to subsidiaries have a 5 year term with options to renew thereafter. For additional terms and conditions of amounts due to subsidiaries refer to note 29.

The lease liability consists of finance leases for plant and equipment. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Leases due within one year have a weighted average interest rate of 11.4% (2008: 7.58%).

20. Current tax liabilities

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Income tax	**108**	400	**-**	-

21. Provisions

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Current				
Employee entitlements	**1,273**	1,987	**840**	1,145
Make good provision on leased premises	**64**	-	**64**	-
	1,337	1,987	**904**	1,145
Non-current				
Employee entitlements	**262**	305	**262**	304

Make good provision on leased premises

In respect of its previously leased premises, Altium was required to make good any damage caused to the premises and to remove any fixtures and fittings installed. The amount represents the expected costs to make good the property.

22. Contributed equity

Share capital	ALTIUM LIMITED			
	2009 Number	2008 Number	**2009 Number**	2008 Number
Fully paid ordinary shares	**89,162,009**	89,162,009	**77,170**	78,408

Movements in ordinary share capital	ALTIUM LIMITED			
	2009		2008	
	Number of shares	**US$'000**	Number of shares	US$'000
Balance at 1 July	**89,162,009**	78,408	**89,147,009**	83,146
Share options exercised	**-**	-	**15,000**	10
Return of capital	**-**	(1,238)	**-**	(4,748)
Balance at 30 June	**89,162,009**	77,170	**89,162,009**	78,408

A return of capital of 2 Australian cents per share was paid on 7 November 2008. A return of capital of 6 Australian cents per share was paid on 19 October 2007.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of 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. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Options

Information relating to the Altium Employee Share Option Plan, Altium Director Share Option Plan and Altium 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 26.

23. Reserves

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Share-based payments reserve				
Balance at 1 July	**1,264**	1,107	**1,264**	1,107
Option expense	**194**	157	**194**	157
Balance at 30 June	**1,458**	1,264	**1,458**	1,264
Foreign currency translation reserve				
Balance at 1 July	**7,649**	4,772	**7,795**	5,113
Currency translation differences arising during the year	**(3,756)**	2,877	**(3,565)**	2,682
Balance at 30 June	**3,893**	7,649	**4,230**	7,795

Nature and purpose of reserves

Share based payments reserve

The share based payments reserve is used to recognise the fair value of options issued.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve. The reserve will be recognised in profit and loss when the net investment is disposed of.

24. Accumulated losses

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Accumulated losses at 1 July	**(63,904)**	(61,105)	**(66,585)**	(63,078)
(Loss) profit attributable to members of Altium Limited	**(337)**	(2,799)	**16**	(3,507)
Dividends paid	**(1,162)**	-	**(1,162)**	-
Accumulated losses at 30 June	**(65,403)**	(63,904)	**(67,731)**	(66,585)

25. Dividends

	ALTIUM LIMITED	
Ordinary Shares	**2009 US$'000**	2008 US$'000
Interim unfranked dividend of 2 Australian cents (2008:$nil) per share paid on 24 March 2009.	**1,162**	-

26. Share based payments

The company has the following share option plans:

(i) Altium Option Plan

(ii) Altium Employee Share Option Plan

(iii) Altium Director Share Option Plan

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. Invitations for employees to participate are determined at the discretion of the Directors of the company.

All exercisable options issued under this plan expired during the year ended 30 June 2008. The options granted under the Altium Option Plan vested in equal amounts over a four-year period from the first anniversary date of issue. Each option was convertible into one ordinary share. Conversion could occur no earlier than the first anniversary of the date on which the options were granted. The exercise price payable upon conversion was fixed.

Altium Employee Share Option Plan

The Board of Directors approved the establishment of the Altium Employee Share Option Plan in December 2003. All employees (excluding Executive Directors) of Altium Limited and its subsidiaries are eligible to participate in the plan. Invitations for employees to participate are determined at the discretion of the Directors of the company.

The vesting period of options granted under the Altium Employee Share Option Plan is at the Director's discretion. Options granted on or before 5 December 2003 vest over a three-year period from the first anniversary date of issue, 40% in year one and 30% in the two subsequent years. The 200,000 options granted in May 2005 are supplementary to the options issued on 5 December 2003. As a result these options vest over a two-year period from date of issue, 40% vest at issue date and 30% in the two subsequent years. This is in line with the vesting periods of the original options granted on 5 December 2003. Options granted on or after 7 May 2005 vest equally over four years. Options granted on 8 May 2009 vest over a three-year period from the first anniversary date of issue, 40% in year one and 30% in the two subsequent years.

These options are exercisable at any time once vested through to expiry date. When exercisable, each option is convertible into one ordinary share. 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 group.

A total of 8,133,720 (2008: 8,725,160) options are outstanding under the plan to eligible employees as at 30 June 2009. 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.

Altium Director Share Option Plan

The Board of Directors approved the establishment of the Altium Director Share Option Plan in November 2003. The Board may offer options to any Director of Altium Limited (excluding Nicholas Martin). Before issuing options to Directors, the Board will need to seek shareholder approval in accordance with ASX Listing Rule 10.14.

The Altium Director Share Option Plan is based on the Altium Employee Share 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 Altium Director Share 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.

No options (2008: 990,000) are outstanding under the plan as at 30 June 2009. 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 5 December 2003. The last exercise date for these options was 5 December 2008.

The following tables set out details of options granted under the share option plans:

Group and Altium Limited 2009

Grant date	Expiry date	Exercise price AU$	Balance at 1 July 2008	Granted	Exercised	Forfeited	Lapsed	Balance at 30 June 2009	Options vested and exercisable
5 Dec 2003	5 Dec 2008	0.78[1]	5,907,110	-	-	-	(5,907,110)	-	-
5 Dec 2003	5 Dec 2008	0.78[1]	990,000	-	-	-	(990,000)	-	-
7 May 2005	7 May 2009	0.78[1]	200,000	-	-	-	(200,000)	-	-
21 Feb 2006	21 Feb 2011	0.92[1]	1,335,200	-	-	(88,800)	-	1,246,400	934,800
14 Mar 2006	14 Mar 2011	0.92[1]	355,100	-	-	(72,700)	-	282,400	224,296
8 Dec 2006	8 Dec 2011	1.42[1]	559,250	-	-	(144,750)	-	414,500	207,470
16 Jan 2007	16 Jan 2012	1.42[1]	368,500	-	-	-	-	368,500	184,250
8 May 2009	8 May 2014	1.00	-	5,821,920	-	-	-	5,821,920	-
Total			**9,715,160**	**5,821,920**	**-**	**(306,250)**	**(7,097,110)**	**8,133,720**	**1,550,816**
Weighted average exercise price (AU$)			0.90	1.00	-	1.19	0.82	1.04	

1 The exercise price of the options has been reduced in accordance with plan rules relating to the return of capital of 2 Australian cents per share paid on 7 November 2008..

Group and Altium Limited 2008

Grant date	Expiry date	Exercise price AU$	Balance at 1 July 2007[1]	Granted	Exercised	Forfeited	Lapsed	Balance at 30 June 2008[1]	Options vested and exercisable
10 Jul 2002	10 Jul 2007	1.17	400,000	-	-	-	(400,000)	-	-
23 Oct 2002	23 Oct 2007	1.28[2]	1,914,650	-	-	-	(1,914,650)	-	-
30 Oct 2002	30 Oct 2007	1.28[2]	7,400	-	-	-	(7,400)	-	-
11 Nov 2002	11 Nov 2007	1.28[2]	16,940	-	-	-	(16,940)	-	-
19 Nov 2002	19 Nov 2007	1.28[2]	169,550	-	-	(1,930)	(167,620)	-	-
27 Nov 2002	27 Nov 2007	1.28[2]	40,500	-	-	-	(40,500)	-	-
5 Dec 2003	5 Dec 2008	0.80[2]	6,059,910	-	(15,000)	(137,800)	-	5,907,110	5,907,110
5 Dec 2003	5 Dec 2008	0.80[2]	990,000	-	-	-	-	990,000	990,000
7 May 2005	7 May 2009	0.80[2]	200,000	-	-	-	-	200,000	200,000
21 Feb 2006	21 Feb 2011	0.94[2]	1,370,200	-	-	(35,000)	-	1,335,200	680,100
14 Mar 2006	14 Mar 2011	0.94[2]	556,100	-	-	(201,000)	-	355,100	202,540
8 Dec 2006	8 Dec 2011	1.44[2]	715,250	-	-	(156,000)	-	559,250	142,439
16 Jan 2007	16 Jan 2012	1.44[2]	378,500	-	-	(10,000)	-	368,500	92,125
Total			**12,819,000**	**-**	**(15,000)**	**(541,730)**	**(2,547,110)**	**9,715,160**	**8,214,314**
Weighted average exercise price (AU$)			0.97	-	0.80	1.08	1.28	0.90	

1 Included in these balances are options that have not been recognised in accordance with AASB 2 as the options were granted before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with AASB 2.
2 The exercise price of the options has been reduced in accordance with plan rules relating to the return of capital of 6 Australian cents per share paid on 19 October 2007.

The weighted average contractual life of the options is 2.59 years (2008: 1.12years).
The market price per ordinary share at 30 June 2009 was AU$0.33 (2008: AU$0.55).

Fair value of options granted

The fair values at grant date of options granted in the year ended 30 June 2009 have been assessed using a derivative of the Black-Scholes option-pricing model including the following factors; the exercise price, stock price, expected life, volatility, risk-free rate, dividend yield and vesting period. The expected price volatility is based on historical volatility, adjusted for any expected changes to future volatility due to publicly available information. Key assumptions adopted for valuing options as at the date of issue are summarised below:

Grant date	Exercise price AU$	Share price at grant date AU$	Expected price volatility %	Expected life of option Years	Risk-free interest rate %	Fair value AU$
8 May 2009	1.00	0.45	54%	5	3.73	0.13

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.

No options were granted in the year ended 30 June 2008.

Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Options issued under employee option plans	**194**	157	**194**	157

Where options are issued to employees of subsidiaries with the group, the subsidiaries compensate Altium Limited for the amount recognised as an expense in relation to these options.

27. Commitments for expenditure

Operating leases

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Within 1 year	**2,258**	2,660	**727**	810
Later than 1 year but not later than 5 years	**7,381**	3,182	**5,800**	152
Over 5 years	**3,997**	-	**3,997**	-
	13,636	5,842	**10,524**	962
Representing:				
Non-cancellable operating leases	**13,636**	5,842	**10,524**	962

Finance leases

Commitments to purchase equipment in relation to finance leases are payable as follows:

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
Not later than 1 year	**462**	437	**313**	300
Later than 1 year but not later than 5 years	**396**	600	**188**	276
Minimum lease payments	**858**	1,037	**501**	576
Less: future finance charges	**(101)**	(136)	**(54)**	(52)
	757	901	**447**	524
Representing lease liabilities:				
Current (note 19)	**395**	365	**274**	266
Non-current (note 19)	**362**	536	**173**	258
	757	901	**447**	524

28. Contingent liabilities

From time to time the group is subject to various claims and legal proceedings. Full provision has been made in the financial report for legal costs incurred to date in defending these matters and the Directors do not believe there is significant exposure to these claims based on legal advice received to date.

29. Related party information

Directors, specified executives and their related entities

Disclosures relating to Directors, Director related entities and specified executives including information concerning shares or share options are set out in note 30 to the accounts.

Altium Limited

The parent entity within the group is Altium Limited. 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, Altium Netherlands BV, Altium BV, Altium Europe GmbH, Altium Limited (UK) and Altium Information Technology (Shanghai) Co. Ltd. Ownership interests in these controlled entities are set out in note 13.

Transactions between Altium Limited and other entities in the wholly-owned group during the years ended 30 June 2009 and 30 June 2008 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;
(g) payments for royalties in exchange for use of intellectual property; and
(h) dividends paid to Altium Limited.

These 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 5% (2008: 5.27%).

The following transactions occurred with related parties:

	ALTIUM LIMITED	
	2009 US$	2008 US$
Revenue	**19,938,678**	21,256,662
Interest revenue	**2,294**	94,836
Dividend income	**1,297,259**	-
Interest expense	**(188,780)**	(65,785)
Royalty expense	**(51,510)**	(78,604)
Contract research and development expense	**(5,169,136)**	(6,670,854)
Contract pre-sales support	**(2,617,542)**	(1,521,687)
Marketing expense	**(1,445,619)**	(1,748,246)
Employee benefits	**93,862**	240,620
Other related party transactions	**174,408**	226,163
The following balances are outstanding at the reporting date in relation to transactions with related parties:		
Current receivables		
Amounts due from subsidiaries	**3,693,567**	2,463,564
Current payables		
Amounts due to subsidiaries	**4,357,657**	933,187
Non-current payables		
Loans from subsidiaries	**2,322,726**	2,536,615

30. Key management personnel

	GROUP		ALTIUM LIMITED	
	2009 US$	2008 US$	**2009 US$**	2008 US$
Short-term employee benefits	**2,856,124**	2,594,212	**1,740,082**	1,704,299
Post-employment benefits	**156,064**	253,436	**142,839**	252,662
Other long-term benefits	**17,732**	23,609	**17,732**	46,157
Share based payments	**53,151**	69,737	**50,978**	47,792
	3,083,072	2,940,994	**1,951,632**	2,050,910

The group has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' report.

Equity instrument disclosures relating to key management personnel

Options provided as remuneration and shares on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report and note 26.

Option holdings

The number of option holdings over ordinary shares in the company held during the financial year by each Director of Altium Limited and other key management personnel of the group, including their personally related parties, are set out on the following page.

2009	Balance at 1 July 2008	Granted during the year	Exercised during the year	Expired during the year	Balance at 30 June 2009	Vested and exercisable at 30 June 2009
Directors of Altium Limited						
Carl Rooke	160,000	-	-	(160,000)	-	-
William Bartee	80,000	-	-	(80,000)	-	-
Kayvan Oboudiyat	400,000	-	-	(400,000)	-	-
Key executives of the group						
Richard Leon[1]	-	100,000	-	-	100,000	-
Alan Perkins[2]	270,000	300,000	-	(270,000)	300,000	-
André Pravaz[3]	-	100,000	-	-	100,000	-
Anand Shankaran	-	100,000	-	-	100,000	-
Matthew Schwaiger[4]	400,000	400,000	-	(400,000)	400,000	-
Emma Lo Russo[5]	500,000	-	-	-	500,000	300,000
Other key executives of the group						
Gerry Gaffney	-	100,000	-	-	100,000	-
Frank Hoschar	175,000	50,000	-	(175,000)	50,000	-
Jay Cao	-	100,000	-	-	100,000	-

1 Richard Leon commenced employment on 28 August 2008.
2 Alan Perkins commenced in this position 12 August 2008.
3 André Pravaz commenced in this position on 11 August 2008 and resigned as a Director on 3 February 2009.
4 Matthew Schwaiger commenced in this position on 5 January 2009.
5 Emma Lo Russo ceased employment on 5 May 2009.

2008	Balance at 1 July 2007	Granted during the year	Exercised during the year	Expired during the year	Balance at 30 June 2008	Vested and exercisable at 30 June 2008
Directors of Altium Limited						
Carl Rooke	160,000	-	-	-	160,000	160,000
William Bartee	80,000	-	-	-	80,000	80,000
Kayvan Oboudiyat	400,000	-	-	-	400,000	400,000
Key executives of Altium Limited						
Emma Lo Russo	500,000	-	-	-	500,000	100,000
Darren Charles[1]	571,000	-	-	(75,000)	496,000	446,000
Benjamin Wells	521,000	-	-	(150,000)	371,000	321,000
Marc Depret	550,000	-	-	(150,000)	400,000	400,000
Jason Hingston	470,000	-	-	(200,000)	270,000	270,000
Peter Williamson[2]	100,000	-	-	(100,000)	-	-
Key executives of the group						
Michael Stipe[3]	200,000	-	-	(150,000)	50,000	50,000
Frank Hoschar	375,000	-	-	(200,000)	175,000	175,000
Peter Murman	357,500	-	-	(15,750)	341,750	266,750
Matthew Schwaiger	600,000	-	-	(200,000)	400,000	400,000

1 Darren Charles ceased employment on 15 August 2008.
2 Peter Williamson ceased employment on 31 December 2007.
3 Michael Stipe ceased employment on 10 July 2007.

Nicholas Martin, Dr David Warren and Samuel Weiss have not been granted options over ordinary shares at any time since the commencement of any company option plans.

Details of all options granted to or exercised by key management personnel for the year ended 30 June 2009 are set out below:

2009	Value at grant date US$	Date granted or exercised
Richard Leon	9,819	8 May 2009
Alan Perkins	29,457	8 May 2009
André Pravaz	9,819	8 May 2009
Anand Shankaran	9,819	8 May 2009
Matthew Schwaiger	39,276	8 May 2009
Gerry Gaffney	9,819	8 May 2009
Jay Cao	9,819	8 May 2009

There were no options exercised by Directors during the financial year. No options were granted or exercised by key management personnel during the 2008 financial year. No amounts are unpaid on any shares issued on the exercise of options.

Shareholdings

The number of ordinary shares in Altium Limited held during the financial year by each Director of the company and each of the key management personnel of the group, including their related entities, are set out below.

2009	Balance at 1 July 2008	Acquisitions during the year	Balance at 30 June 2009
Directors of Altium Limited			
Samuel Weiss	45,000	132,274	177,274
Carl Rooke	515,365	-	515,365
Dr David Warren	5,523,000	-	5,523,000
William Bartee	-	-	-
Nicholas Martin	22,524,650	-	22,524,650
Kayvan Oboudiyat	1,987,500	-	1,987,500
Key executives of the group			
Richard Leon[1]	-	210,916	210,916
Alan Perkins[2]	-	50,000	50,000
André Pravaz[3]	20,000	150,000	170,000
Anand Shankaran	-	-	-
Matthew Schwaiger[4]	400,000	-	400,000
Emma Lo Russo[5]	20,000	-	20,000
Other key executives of the group			
Gerry Gaffney	-	-	-
Frank Hoschar	445,500	-	445,500
Jay Cao	-	-	-

1 Richard Leon commenced employment on 28 August 2008.
2 Alan Perkins commenced in this position 12 August 2008.
3 André Pravaz commenced in this position on 11 August 2008 and resigned as a Director on 3 February 2009.
4 Matthew Schwaiger commenced in this position on 5 January 2009.
5 Emma Lo Russo ceased employment on 5 May 2009.

2008	Balance at 1 July 2007	Acquisitions during the year	Balance at 30 June 2008
Directors of Altium Limited			
Samuel Weiss[1]	-	45,000	45,000
Carl Rooke	465,365	50,000	515,365
André Pravaz	-	20,000	20,000
Dr David Warren	5,523,000	-	5,523,000
William Bartee	-	-	-
Nicholas Martin	22,524,650	-	22,524,650
Kayvan Oboudiyat	1,987,500	-	1,987,500
Key executives of Altium Limited			
Emma Lo Russo	-	20,000	20,000
Darren Charles[2]	180,325	-	180,325
Benjamin Wells	5,000	-	5,000
Marc Depret	228,400	-	228,400
Jason Hingston	128,350	-	128,350
Peter Williamson[3]	-	-	-
Key executives of the group			
Michael Stipe[4]	175,000	-	175,000
Frank Hoschar	445,500	-	445,500
Peter Murman	-	-	-
Matthew Schwaiger	400,000	-	400,000

1 Samuel Weiss was appointed as Chairman on 4 October 2007.
2 Darren Charles ceased employment on 15 August 2008.
3 Peter Williamson ceased employment on 31 December 2007.
4 Michael Stipe ceased employment on 10 July 2007.

Loans to Directors, key management and related entities

The following unsecured loans to Directors and other key management, including their personally related parties, were outstanding:

2009	Gross balance at 30 June US$	Provision US$	Net balance at 30 June US$	Annual interest charge US$	Annual repayments US$	Highest indebtedness US$
Stephen Martin[1]	195,067	169,921	25,146	10,276	5,457	222,512

1 This is a loan to a related party of Nicholas Martin.

2008	Gross balance at 30 June US$	Provision US$	Net balance at 30 June US$	Annual interest charge US$	Annual repayments US$	Highest indebtedness US$
Stephen Martin[1]	226,601	202,789	23,812	12,474	-	226,601
Darren Charles	48,333	2,892	45,441	3,800	4,481	53,088
Marc Depret	241,626	163,266	78,360	17,689	17,475	242,118
Jason Hingston	57,493	3,293	54,200	4,514	6,452	57,801

1 This is a loan to a related party of Nicholas Martin.

Loans have been written down to fair value, which has been determined, on a loan by loan basis, by using a present value calculation of the cash receipts outlined in the loan repayment terms of each loan agreement. For the year ended 30 June 2008, the loan repayment terms were extended by five years, which has resulted in an additional provision required to write down the loans to fair value. The gross value of the loans remains outstanding and there is no indication that any of the loans will not be repaid.

The loans are charged at the "benchmark interest rate" under the Fringe Benefits Tax Assessment Act 1986 (Cwlth) as at 30 June 2009 being 5.85% p.a. (2008: 9.00%). The above unsecured loans are for a five year term or repayable within thirty days of separation.

Remuneration of Director-related entities

Carl Rooke is a Director of BDO Kendalls Pty Ltd (formerly Horwath Tas Pty Ltd). BDO Kendalls Pty Ltd has provided taxation services to Altium Limited for many years on normal commercial terms and conditions. The total amounts recognised as expenses during the year total US$Nil (2008: US$5,767). There were no amounts payable at balance sheet date to BDO Kendalls Pty Ltd.

Related entities of Directors employed by any company in the group are paid on normal commercial terms and conditions.

31. Cash flow information

Reconciliation of (loss) profit after income tax to net cash inflows from operating activities

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
(Loss) profit after income tax	**(337)**	(2,799)	**16**	(3,507)
Depreciation and amortisation	**4,545**	4,431	**3,199**	2,999
Loss on disposal of assets	**(5)**	(5)	**(7)**	(5)
Unrealised foreign exchange differences	**749**	(101)	**(708)**	(471)
Change in operating assets and liabilities				
(Increase) decrease in trade and other debtors	**630**	(904)	**(1,622)**	1,132
(Increase) in inventories	**(148)**	(355)	**(58)**	(319)
(Increase) decrease in prepayments and other assets	**323**	(130)	**(89)**	82
(Increase) in deferred tax assets	**(302)**	(1,574)	**(307)**	(1,495)
Increase in trade and other creditors and employee entitlements	**456**	3,956	**5,656**	87
Increase (decrease) in income tax receivable and payable	**(348)**	29	**-**	-
Increase (decrease) in other provisions	**(435)**	329	**(134)**	180
Increase in equity compensation reserve	**194**	157	**194**	154
Net cash inflows (outflows) from operating activities	**5,322**	3,034	**6,140**	(1,163)
Non-cash financing and investing activities				
Acquisition of plant and equipment by means of finance lease	**446**	517	**393**	285

32. Financial risk management

The group's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange risk and interest rate risk) and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. No speculative trading in financial instruments was undertaken during the financial year.

(a) Capital risk management

The group's objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The group reviews the capital structure, which comprises share capital, reserves and accumulated losses, on a regular basis. In order to adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The groups overall strategy remains unchanged.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and cash equivalents and outstanding receivables. The credit risk on financial assets of the group which have been recognised on the balance sheet, other than investments in shares, is generally the carrying amount, net of any impairment provision.

The group manages its credit risk on trade debtors by ensuring that sales of products and services are made to customers with an appropriate credit history. New customers are subject to credit verification procedures and customer performance is monitored on a regular basis. The group has no significant concentrations of credit risk.

Cash transactions are limited to high credit quality financial institutions.

(c) Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and from net investments in foreign operations. The group and Altium Limited operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily the Australian dollar (AU$) and the euro (€) relative to the US dollar (US$).

Measuring the exposure to foreign exchange risks is achieved by regular monitoring and performing sensitivity analysis on the group and Altium Limited's financial position.

Foreign currency revenues are partially hedged by foreign currency denominated expenses. The group and Altium Limited have no additional hedges against this risk.

The exposure to foreign currency risk at the reporting date was as follows:

	GROUP			
	2009		2008	
	AU$'000	**€'000**	AU$'000	€'000
Financial assets				
Cash and cash equivalents	**274**	**38**	709	55
Trade and other receivables	**2,267**	**-**	2,737	63
Long-term deposits	**-**	**-**	12	-
	2,541	**38**	3,458	118
Financial liabilities				
Trade and other payables	**(609)**	**(7)**	(136)	(40)

	ALTIUM LIMITED			
	2009		2008	
	AU$'000	**€'000**	AU$'000	€'000
Financial assets				
Cash and cash equivalents	**274**	**38**	709	55
Trade and other receivables	**4,256**	**439**	4,545	175
Long-term deposits	**-**	**-**	12	-
	4,530	**477**	5,266	230
Financial liabilities				
Trade and other payables	**(1,677)**	**(1,731)**	(136)	(40)

The following tables summarise the sensitivity of financial instruments held at balance sheet date by the group and Altium Limited to the movement in exchange rate of the US dollar to the Australian dollar and euro, with all other variables held constant. The 10% sensitivity is based on reasonably possible changes, over a financial year.

Sensitivity to foreign currency risk on financial instruments is as follows:

GROUP

	Impact on post tax profit/(loss) after tax		Impact on equity	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
US$/AU$ +10%	**99**	290	**99**	290
US$/AU$ -10%	**(121)**	(354)	**(121)**	(354)
US$/€ +10%	**(3)**	(12)	**(3)**	(12)
US$/€ -10%	**3**	12	**3**	12

ALTIUM LIMITED

	Impact on post tax profit/(loss) after tax		Impact on equity	
	2009 US$'000	2008 US$'000	**2009 US$'000**	2008 US$'000
US$/AU$ +10%	**146**	454	**146**	454
US$/AU$ -10%	**(179)**	(555)	**(179)**	(555)
US$/€ +10%	**123**	63	**123**	63
US$/€ -10%	**(123)**	(63)	**(123)**	(63)

Interest rate risk exposures

Interest rate risk is the risk that the group and Altium Limited financial position will be adversely affected by movements in interest rates. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the group intends to hold fixed rate assets and liabilities to maturity.

The exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities are set out below:

GROUP

		%	**2009 US$'000**	%	2008 US$'000
Financial assets					
Cash	Floating interest	**2.32%**	**1,256**	3.12%	4,573
Receivables	Fixed interest	**8.21%**	**182**	8.05%	430
Financial liabilities					
Financial lease liabilities	Fixed interest	**11.40%**	**(757)**	7.58%	(901)

		ALTIUM LIMITED			
		%	2009 US$'000	%	2008 US$'000
Financial assets					
Cash	Floating interest	**3.57%**	**548**	5.07%	1,606
Receivables	Fixed interest	**8.21%**	**167**	8.05%	388
Financial liabilities					
Financial lease liabilities	Fixed interest	**6.88%**	**(447)**	5.39%	(524)

The following tables summarise the sensitivity of the fair value of financial instruments held at balance sheet date in both the group and Altium Limited, following a movement of 50 to 100 basis points, with all other variables held constant, and based on reasonably possible changes over a financial year.

The sensitivity to movements in interest rates is as follows:

	GROUP		ALTIUM LIMITED	
Impact on profit/(loss) after tax	2009 US$'000	2008 US$'000	2009 US$'000	2008 US$'000
+1% change (+100 basis points)	**5**	41	**2**	15
-0.50% change (-50 basis points)	**(2)**	(21)	**(1)**	(7)

(d) Liquidity risk

The liquidity position of the group and Altium Limited is managed to ensure sufficient funds are available to meet the financial commitments in a timely and cost effective manner. The group manages liquidity risk by maintaining adequate cash reserves and banking facilities by continuously monitoring forecast and actual cash flows.

The group and Altium limited had access to the following undrawn borrowing facilities at the reporting date:

	GROUP		ALTIUM LIMITED	
	2009 US$'000	2008 US$'000	2009 US$'000	2008 US$'000
Bank overdraft facility	**241**	288	**241**	288
Bank guarantees	**1,376**	1,642	**1,376**	1,642

The table below analyses the group's financial liabilities based on the remaining period at June to the contractual maturity date. The amounts represent contractual undiscounted cash flows.

	1 year or less US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total contractual cashflows US$'000	Carrying amount US$'000
2009						
Accounts payable	4,395	-	-	-	4,395	4,395
Financial lease liabilities	460	373	25	-	858	757
	4,855	**373**	**25**	**-**	**5,253**	**5,152**
2008						
Accounts payable	4,449	-	-	-	4,449	4,449
Financial lease liabilities	436	472	128	-	1,036	901
	4,885	**472**	**128**	**-**	**5,485**	**5,350**

The table below analyses Altium Limited's financial liabilities based on the remaining period at June to the contractual maturity date. The amounts represent contractual undiscounted cash flows.

	1 year or less US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total contractual cashflows US$'000	Carrying amount US$'000
2009						
Accounts payable	6,687	-	-	-	6,687	6,687
Financial lease liabilities	313	188	-	-	501	447
	7,000	**188**	**-**	**-**	**7,188**	**4,134**
2008						
Accounts payable	2,864	-	-	-	2,864	2,864
Financial lease liabilities	300	250	26	-	576	524
	3,164	**250**	**26**	**-**	**3,440**	**3,388**

(e) 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 value.

33. Subsequent events

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected the operations of the group, the results of those operations, or the state of affairs of the group.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 27 to 74 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and group's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

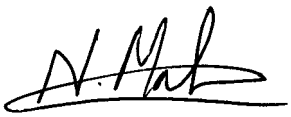
(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the remuneration disclosures set out on pages 9 to 15 of the Directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

For and on behalf of the Board



Nicholas Martin
Chief Executive Officer

Kayvan Oboudiyat
Director and Executive Vice Chairman

Sydney
24 August 2009

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the members of Altium Ltd

Report on the financial report

We have audited the accompanying financial report of Altium Ltd (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Altium Ltd and the Altium Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Liability limited by a scheme approved under Professional Standards Legislation

Independent auditor's report to the members of Altium Ltd (continued)

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Altium Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;and

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Altium Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Altium Ltd (the company) for the year ended 30 June 2009 included on Altium Ltd web site. The company's directors are responsible for the integrity of the Altium Ltd web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are

Independent auditor's report to the members of Altium Ltd (continued)

advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

M W Chiang
Partner

Sydney
24 August 2009

Shareholder Information

The shareholder information set out below was current as at 31 July 2009.

a) Number of shareholders

There were 1,451 shareholders, holding 89,162,009 fully paid ordinary shares.

b) Distribution of equity securities

Analysis of equity security holders by size of holding:

Range	Number of shareholders	Number of option holders
1–1,000	453	0
1,001–5,000	545	21
5,001–10,000	171	43
10,001–100,000	221	103
100,001–and over	61	13
Total	**1,451**	**180**

There were 524 holders of a less than marketable parcel of ordinary shares.

c) Equity security holders

Twenty largest quoted equity security holders:

Rank	Name of Holding	Number of shares	%
1	PROTEL SYSTEMS PTY LIMITED	12,340,000	13.84%
2	N & M MARTIN HOLDINGS PTY LTD	12,033,523	13.50%
3	ANZ NOMINEES LIMITED<CASH INCOME ACCOUNT>	11,855,699	13.30%
4	JP MORGAN NOMINEES AUSTRALIA LIMITED	7,413,506	8.31%
5	CITICORP NOMINEES PTY LIMITED	4,540,207	5.09%
6	NATIONAL NOMINEES LIMITED	3,554,757	3.99%
7	MIRKAZEMI HOLDINGS PTY LIMITED	2,603,000	2.92%
8	CITICORP NOMINEES PTY LIMITED	2,130,818	2.39%
9	QUEENSLAND INVESTMENT CORPORATION	2,098,311	2.35%
10	HSBC CUSTODY NOMINEES	1,891,300	2.12%
11	KAY & JAY INVESTMENTS PTY LTD	1,814,800	2.04%
12	ZENTEL PTY LIMITED<PROTEL NO.2 SUPER FUND A/C>	1,097,058	1.23%
13	ZENTEL PTY LIMITED<WARREN FAMILY ACCOUNT>	1,050,000	1.18%
14	MR ROBERT GRANVILLE HOPKINS	1,011,000	1.13%
15	MRS NANCI CATHERINE MOORE	941,500	1.06%
16	CITICORP NOMINEES PTY LIMITED	750,130	0.84%
17	MR WILLIAM MARTIN RYAN	700,000	0.79%
18	MR SIMON GAUTIER HANNES <SGH SUPER FUND>	654,600	0.73%
19	N & M MARTIN HOLDINGS PTY LTD<SUPER FUND A/C>	602,500	0.68%
20	MR PEDRAM MIRKAZEMI	575,000	0.64%
Total		**69,657,709**	**78.12%**

d) Unquoted equity securities

	Number of options on issue	Number of holders
Employees	8,127,220	180
Directors	-	-
Total options on issue	**8,127,220**	**180**

e) Substantial shareholders

The substantial holders in the company are set out below:

Rank	Name	Number of shares	%
1	Nicholas Martin	22,524,650	25.26%
2	Smallco Investment Manager Limited	8,925,006	10.01%
3	Commonweatlh Bank of Australia	7,062,744	7.92%
4	IOOF Holdings Limited	6,127,950	6.87%
5	David Warren	5,523,000	6.19%
6	SAS Trustee Corporation	5,005,000	5.61%
7	Accident Compensation Corporation	4,547,873	5.10%
Total		**59,716,223**	**66.97%**

f) 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) Option: no voting rights.

g) Share buy-back

Altium Limited has not undertaken an on-market buy-back during the last financial year.

h) Securities subject to escrow

No shares are currently subject to escrow.

i) Altium's major announcements to the ASX*

Date	Announcement
28/07/2009	3Y – Change of Director's Interest Notice – Kayvan Oboudiyat
28/07/2009	3Y – Change of Director's Interest Notice – Sam Weiss
24/07/2009	Altium full year performance update
12/05/2009	Appendix 3B - Issue Unlisted Employee Share Options
16/04/2009	Altium Q3 Sales and Revenue Update
7/04/2009	Disclosure Document Shortform Prospectus Employee Options
25/03/2009	Change to Company Address
17/03/2009	Change of Director's Interest Notice – Sam Weiss
13/03/2009	Change of Director's Interest Notice – Sam Weiss 13 March 2009
3/03/2009	Interim Dividend Information
26/02/2009	Half Yearly Report and Accounts
3/02/2009	Appdx 3Z Final Directors Interests Notice - André Pravaz
3/02/2009	Director Resignation – André Pravaz
15/01/2009	Half Yearly Performance update
22/12/2008	Altium indicates return to profitability
28/11/2008	Amendment – Altium Unlisted Option Summary 25 November 2008
25/11/2008	Unlisted Option Summary Update as at 25 November 2008
18/11/2008	Change of Director`s Interest Notice
14/11/2008	Change of Director`s Interest Notice
11/11/2008	3Y Change of Directors Interest – André Pravaz 11 November 2008
30/10/2008	Presentation to Shareholders
30/10/2008	Presentation to Shareholders
30/10/2008	Altium Third Party Proposal
23/10/2008	Results of Meeting
23/10/2008	Chairman's Address to Shareholders
3/10/2008	Altium Q1 sales and revenue update for FY2009
30/09/2008	Ceasing to be a substantial holder
19/09/2008	Annual Report to shareholders
19/09/2008	Notice of Annual General Meeting/Proxy Form
2/09/2008	Change of Director's Interest Notice
2/09/2008	Appointment of CFO
29/08/2008	Becoming a substantial holder
22/08/2008	Preliminary Final Report and Full Year Statutory Accounts

* A complete and up-to-date list of all Altium's financial announcements can be found on www.asx.com.au.

j) Annual General Meeting

Date: Friday 2 October 2009
Time: 10.30am
Venue: Manly Pacific Hotel Sydney, 55 North Steyne, Manly NSW 2095.

k) 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:	http://www-au.computershare.com
Access to Forms:	https://www-au.computershare.com/investor/formscatalogue.asp
Access to FAQs:	https://www-au.computershare.com/Investor/FAQs.asp
Mailing address:	Computershare Investor Services Pty Limited, GPO Box 2975, Melbourne VIC 3001 Australia

l) Have you 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 change your details online – www-au.computershare.com.

m) Inquiries about Altium Limited

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

n) Altium shareholder communications

Altium publishes information to its shareholders in the Annual Financial Report and via releases to the ASX. Investor information can be found on our website www.altium.com/company/investors.

Altium provides quarterly updates on revenue earnings.

Altium

www.altium.com

Altium Limited ACN 009 568 772