

## Appendix 4D Half-Year Report

### Altium Limited and Controlled Entities

ACN 009 568 772

Period ended 31 December 2006

#### Results for announcement to the market

			2006	2005
			'000	'000
Revenue from ordinary activities	Up	22%	23,536	19,324
EBITDA (Adjusted for share based payments)	Up	192%	2,079	713
(Loss) from ordinary activities before tax	Down	68%	(709)	(2,188)
Income tax (expense)/benefit	Up	158%	190	(329)
(Loss) from ordinary activities after tax attributable to members	Down	79%	(519)	(2,517)
(Loss) for the period attributable to members	Down	79%	(519)	(2,517)

Dividends/distributions	Amount per security	Franked amount per security
Interim dividend	-	-

NTA Backing	2006	2005
Net tangible asset backing per ordinary share	16.0 cents	10.8 cents

#### Audit

This preliminary interim report is based on accounts which have been reviewed. The review report which was unqualified will be made available with the consolidated entity's financial report.

#### Audit Committee

There is a formally constituted audit committee.



**Altium Limited**

ABN 93 009 568 772

**Half-Year Report**

31 December 2006

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Altium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. A copy of the 30 June 2006 annual financial report can be provided to shareholders on request.

## Directors' report

The directors of Altium Limited present their report on the consolidated entity consisting of Altium Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2006.

### Directors

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

Carl J Rooke  
Nicholas M Martin  
Kayvan Oboudiyat  
William A Bartee  
Andre J Pravaz (appointed 1 January 2007)  
David M Warren  
Sam S Weiss (appointed 1 January 2007)

### Principal activities

The consolidated entity's principal activities during the year continued to be that of the design, development and sale of computer software for the design of electronic products. There were no significant changes in the nature of these activities during the half-year.

### Half-Year results

	31 Dec 2006 \$'000	31 Dec 2005 \$'000
Loss before income tax	(709)	(2,188)
Income tax benefit (expense)	190	(329)
Loss after income tax	<u>(519)</u>	<u>(2,517)</u>

### Review of operations

#### Overview of financial performance and position:

	6 months ended 31 Dec 2006 \$'000	6 months ended 31 Dec 2005 \$'000	Change
Revenue from continuing operations	23,536	19,324	22%
Earning before interest, tax, depreciation and amortisation (adjusted for share based payments)	2,079	713	192%
Loss before tax	(709)	(2,188)	68%
Loss attributable to members	(519)	(2,517)	79%
Earnings per share	(0.6)	(2.9)	79%
Operating cash flows	3,803	488	679%
Cash position as at 31 December	5,709	3,547	61%

For the six months ended 31 December 2006, the company continued its ongoing trend of improved sales performance. Reported revenue increased by 22%, driven by underlying growth in sales of 32%.

The following table illustrates sales by region for the 6 months to December 2006 compared to the same period in the previous corresponding period.

**Sales in Local Currencies:**

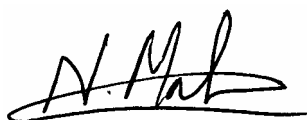
<b>Region</b>	<b>6 months ended 31 Dec 2006 \$'000</b>	<b>6 months ended 31 Dec 2005 \$'000</b>	<b>Change</b>
Product Sales			
Americas (USD)	8,613	6,251	38%
Europe (EUR)	5,192	4,554	14%
Asia-Pacific (USD)	3,978	2,480	60%
Consulting Services			
Consulting (Euro)	246	334	(26%)

**Rounding of amounts**

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

For and on behalf of the board



Nicholas M Martin  
Director and Chief Executive Officer



Kayvan Oboudiyat  
Director and Executive Vice Chairman

Sydney  
26 February 2007

## Auditor's Independence Declaration

As lead auditor for the review of Altium Limited for the half-year ended 31 December 2006, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Michelle W Chiang  
Partner

PricewaterhouseCoopers

Sydney  
26 February 2007

## Altium Limited and Controlled Entities

ACN 009 568 772

### Consolidated income statement

For the half-year ended 31 December 2006

	Notes	31 Dec 2006 \$'000	31 Dec 2005 \$'000
<b>Revenue from continuing operations</b>		<b>23,536</b>	<b>19,324</b>
Revenue and other income		165	113
Changes in inventories of finished goods and work in progress		(214)	(62)
Raw materials and consumables used		(549)	(509)
Employee expenses		(15,002)	(13,537)
Depreciation and amortisation expense		(2,711)	(2,733)
Finance costs		(20)	(24)
Rental expense		(1,380)	(1,120)
Marketing expense		(1,202)	(835)
Professional advice expense		(441)	(531)
Communication expense		(316)	(275)
Foreign exchange loss		(149)	(13)
Other expenses		(2,426)	(1,986)
<b>Loss before income tax expense</b>		<b>(709)</b>	<b>(2,188)</b>
Income tax benefit (expense)		190	(329)
<b>Loss for the half year</b>		<b>(519)</b>	<b>(2,517)</b>
<b>Net loss attributable to members of Altium Limited</b>		<b>(519)</b>	<b>(2,517)</b>
<b>Earnings per share for loss attributable to the ordinary equity holders of the company:</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	5	(0.6)	(2.9)
Diluted earnings per share	5	(0.6)	(2.9)

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

## Altium Limited and Controlled Entities

ACN 009 568 772

### Consolidated balance sheet

As at 31 December 2006

	Notes	31 Dec 2006 \$'000	30 June 2006 \$'000
<b>Current assets</b>			
Cash and cash equivalents		5,709	6,352
Trade and other receivables		13,327	12,857
Inventories		715	938
Other assets		772	495
<b>Total current assets</b>		<b>20,523</b>	<b>20,642</b>
<b>Non-current assets</b>			
Trade and other receivables		736	754
Property, plant and equipment		1,786	1,510
Deferred tax assets		3,908	3,491
Intangible assets		16,749	19,294
Other assets		338	379
<b>Total non-current assets</b>		<b>23,517</b>	<b>25,428</b>
<b>Total assets</b>		<b>44,040</b>	<b>46,070</b>
<b>Current liabilities</b>			
Trade and other payables		3,533	2,702
Borrowings		266	230
Current tax liabilities		351	265
Provisions		1,569	1,640
Deferred revenue		6,971	5,308
<b>Total current liabilities</b>		<b>12,690</b>	<b>10,145</b>
<b>Non-current liabilities</b>			
Borrowings		154	195
Provisions		374	340
<b>Total non-current liabilities</b>		<b>528</b>	<b>535</b>
<b>Total liabilities</b>		<b>13,218</b>	<b>10,680</b>
<b>Net assets</b>		<b>30,822</b>	<b>35,390</b>
<b>Equity</b>			
Contributed equity		119,370	119,370
Reserves		(245)	365
Accumulated losses		(88,303)	(84,345)
<b>Total equity</b>		<b>30,822</b>	<b>35,390</b>

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

## Altium Limited and Controlled Entities

ACN 009 568 772

### Consolidated statement of changes in equity

For the half-year ended 31 December 2006

	Notes:	31 Dec 2006 \$'000	31 Dec 2005 \$'000
<b>Total equity at the beginning of the half-year</b>		<b>35,390</b>	<b>33,076</b>
Exchange differences on translation of foreign operations		(732)	295
Loss for the half-year		(519)	(2,517)
<b>Total recognised income and expense for the half-year</b>		<b>34,139</b>	<b>30,854</b>
Transactions with equity holders in their capacity as equity holders:			
Dividends paid	4	(3,522)	-
Employee share options		205	157
		(3,317)	157
<b>Total equity at the end of the half-year</b>		<b>30,822</b>	<b>31,011</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

## Altium Limited and Controlled Entities

ACN 009 568 772

### Consolidated cash flow statement

For the half-year ended 31 December 2006

	31 Dec 2006 \$'000	31 Dec 2005 \$'000
Notes		
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	23,020	20,453
Payments to trade creditors, other suppliers and employees (inclusive of goods and services tax)	(19,096)	(19,741)
Interest received	146	64
Interest paid	(40)	(37)
Income taxes paid (net)	(227)	(251)
<b>Net cash inflows from operating activities</b>	<b>3,803</b>	<b>488</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(603)	(472)
Proceeds from sale of property, plant and equipment	1	57
Payments for other technology acquisitions and licenses	(91)	-
<b>Net cash outflow from investing activities</b>	<b>(693)</b>	<b>(415)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(118)	(126)
Dividends paid to company's shareholders	(3,522)	-
<b>Net cash outflow from financing activities</b>	<b>(3,640)</b>	<b>(126)</b>
<b>Net decrease in cash held</b>	<b>(530)</b>	<b>(53)</b>
Cash at the beginning of the reporting period	6,352	3,590
Effects of exchange rate changes on cash and cash equivalents	(113)	10
<b>Cash and cash equivalents at the end of the half-year</b>	<b>5,709</b>	<b>3,547</b>

*The above consolidated cash flow statement should be read in conjunction with the accompanying notes.*

## Notes to the consolidated financial statements

### 1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by Altium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### 2. Correction of a prior period error – Foreign currency translation of subsidiaries

On adoption of Australian equivalents to International Financial Reporting Standards (AIFRS), the Group adopted *AASB 121 The Effects of Foreign Exchange Rates* which required the translation of foreign subsidiaries into Australian dollars using the exchange rates prevailing on the balance date for assets and liabilities and the exchange rates prevailing on the date of transaction for income and expenses. In the year ended 30 June 2005 and 30 June 2006, the impact of the transition to *AASB 121* was incorrectly brought to account in that some assets continued to be translated at historical rates. The effect of the correction on the comparative periods is shown below.

	Consolidated 31 December 2005			Consolidated 30 June 2006		
	As previously reported \$'000	Effect of correction \$'000	Revised \$'000	As previously reported \$'000	Effect of correction \$'000	Revised \$'000
Profit (Loss) attributable to members of Altium Limited	(2,547)	30	(2,517)	1,415	142	1,557
Earnings per share (cents)	(2.9)	-	(2.9)	1.6	0.2	1.8

2. Correction of a prior period error – Foreign currency translation of subsidiaries (continued)

	Consolidated 31 December 2005			Consolidated 30 June 2006		
	As previously reported \$'000	Effect of correction \$'000	Revised \$'000	As previously reported \$'000	Effect of correction \$'000	Revised \$'000
<b>Current assets</b>						
Cash and cash equivalents	3,547	-	3,547	6,352	-	6,352
Trade and other receivables	8,857	-	8,857	12,857	-	12,857
Inventories	859	-	859	938	-	938
Other assets	654	(15)	639	486	9	495
<b>Total current assets</b>	<b>13,917</b>	<b>(15)</b>	<b>13,902</b>	<b>20,633</b>	<b>9</b>	<b>20,642</b>
<b>Non-current assets</b>						
Trade and other receivables	732	-	732	754	-	754
Property, plant and equipment	1,714	(16)	1,698	1,499	11	1,510
Deferred tax assets	2,586	-	2,586	3,492	-	3,492
Intangible assets	23,385	(1,870)	21,515	20,870	(1,577)	19,293
Other assets	346	-	346	379	-	379
<b>Total non-current assets</b>	<b>28,763</b>	<b>(1,886)</b>	<b>26,877</b>	<b>26,994</b>	<b>(1,566)</b>	<b>25,428</b>
<b>Total assets</b>	<b>42,680</b>	<b>(1,901)</b>	<b>40,779</b>	<b>47,627</b>	<b>(1,557)</b>	<b>46,070</b>
<b>Current liabilities</b>						
Trade and other payables	2,444	-	2,444	2,702	-	2,702
Borrowings	232	-	232	230	-	230
Current tax liabilities	353	-	353	265	-	265
Provisions	1,291	-	1,291	1,640	-	1,640
Deferred revenue	4,383	72	4,455	5,200	108	5,308
<b>Total current liabilities</b>	<b>8,703</b>	<b>72</b>	<b>8,775</b>	<b>10,037</b>	<b>108</b>	<b>10,145</b>
<b>Non-current liabilities</b>						
Borrowings	319	-	319	195	-	195
Provisions	674	-	674	340	-	340
<b>Total non-current liabilities</b>	<b>993</b>	<b>-</b>	<b>993</b>	<b>535</b>	<b>-</b>	<b>535</b>
<b>Total liabilities</b>	<b>9,696</b>	<b>72</b>	<b>9,768</b>	<b>10,572</b>	<b>108</b>	<b>10,680</b>
<b>Net assets</b>	<b>32,984</b>	<b>(1,973)</b>	<b>31,011</b>	<b>37,055</b>	<b>(1,665)</b>	<b>35,390</b>
<b>Equity</b>						
Contributed equity	119,370	-	119,370	119,370	-	119,370
Reserves	1,022	(962)	60	1,131	(766)	365
Accumulated losses	(87,408)	(1,011)	(88,419)	(83,446)	(899)	(84,345)
<b>Total equity</b>	<b>32,984</b>	<b>(1,973)</b>	<b>31,011</b>	<b>37,055</b>	<b>(1,665)</b>	<b>35,390</b>

### 3. Segment information

#### *Primary reporting – geographic segments*

2006 (6 months ended 31 December)	Australia \$'000	North America \$'000	Europe \$'000	Asia \$'000	Other \$'000	Inter-segment eliminations/ Unallocated \$'000	Consolidated \$'000
Revenue from customers outside the economic entity	1,248	10,151	7,898	3,829	410	-	23,536
Inter-segment sales	10,729	326	2,758	218	-	(14,031)	-
Other income	13	320	172	-	-	(486)	19
Segment revenue from ordinary activities	11,990	10,797	10,828	4,047	410	(14,517)	23,555
Segment result	1,254	24	(428)	2,423	410	(119)	3,564
Unallocated expenses							(4,273)
Loss from ordinary activities before income tax expense							(709)
Income tax benefit							190
Net loss							(519)
Segment assets	20,091	9,026	11,848	1,125	-	(1,958)	40,132
Segment liabilities	2,912	4,554	4,622	359	-	419	12,866
Acquisitions of property, plant and equipment	543	36	139	7	-	-	725
Depreciation and amortisation expenses	1,685	593	351	30	-	52	2,711

### 3. Segment information (continued)

2005 (6 months ended 31 December)	Australia \$'000	North America \$'000	Europe \$'000	Asia \$'000	Other \$'000	Inter-segment eliminations/ Unallocated \$'000	Consolidated \$'000
Revenue from customers outside the economic entity	667	8,352	7,741	2,404	160	-	19,324
Inter-segment sales	9,491	537	3,099	56	-	(13,183)	-
Other income	23	327	162	-	-	(487)	25
Revenue from ordinary activities	<u>10,181</u>	<u>9,216</u>	<u>11,002</u>	<u>2,460</u>	<u>160</u>	<u>(13,670)</u>	<u>19,349</u>
Segment result	<u>(702)</u>	<u>(527)</u>	<u>282</u>	<u>1,057</u>	<u>160</u>	<u>177</u>	<u>447</u>
Unallocated expenses							<u>(2,635)</u>
Loss from ordinary activities before income tax expense							(2,188)
Income tax expense							(329)
Net loss							<u>(2,517)</u>
Segment assets	<u>31,367</u>	<u>6,526</u>	<u>12,405</u>	<u>1,062</u>	<u>-</u>	<u>(10,972)</u>	<u>40,388</u>
Segment liabilities	<u>4,450</u>	<u>6,121</u>	<u>7,444</u>	<u>755</u>	<u>-</u>	<u>(7,011)</u>	<u>11,759</u>
Acquisitions of property, plant and equipment	<u>316</u>	<u>51</u>	<u>118</u>	<u>81</u>	<u>-</u>	<u>-</u>	<u>566</u>
Depreciation and amortisation expenses	<u>1,651</u>	<u>561</u>	<u>347</u>	<u>70</u>	<u>-</u>	<u>104</u>	<u>2,733</u>

### 4. Dividends

An ordinary dividend for the year ended 30 June 2006 of 4 cents per share unfranked paid on 25 September 2006

31 Dec 2006 \$'000	31 Dec 2005 \$'000
3,522	-
<u>3,522</u>	<u>-</u>

<b>5. Earnings per share</b>	<b>31 Dec 2006 Cents</b>	<b>31 Dec 2005 Cents</b>
Basic earnings per share	(0.6)	(2.9)
Diluted earnings per share	(0.6)	(2.9)
	<b>31 Dec 2006 Number</b>	<b>31 Dec 2005 Number</b>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	88,049,459	88,049,459
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	88,049,459	88,049,459
	<b>31 Dec 2006 \$'000</b>	<b>31 Dec 2005 \$'000</b>
Earnings used for basic and diluted earnings per share	(519)	(2,517)
Net (loss) per income statements	(519)	(2,517)

#### Information concerning the classification of securities

##### *Options*

Options granted under the Altium Option Plan, the Directors' Option Plan, the Altium Employee Share Option Plan and the Altium Director Share 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 and to the extent that they are dilutive. The options have not been included in the determination of basic earnings per share.

#### **6. Contingent liabilities**

No significant contingent liabilities existed within the consolidated entity as at 31 December 2006.

#### **7. Events occurring after balance date**

No matter or circumstance has arisen since 31 December 2006 that has significantly affected, or may significantly affect:

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

## Altium Limited

ABN 93 009 568 772

### Directors' declaration

The directors declare that the financial statements and notes set out on pages 6 to 14:

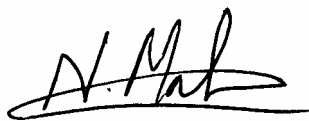
- (a) comply with Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations, the changes in equity and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that Altium Limited will be able to pay its debts as and when they become due and payable.

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

For and on behalf of the board



Nicholas M Martin  
Director and  
Chief Executive Officer



Kayvan Oboudiyat  
Director and  
Executive Vice Chairman



Darren Charles  
Chief Financial Officer

Sydney  
26 February 2007

## INDEPENDENT AUDITOR'S REVIEW REPORT

to the members of Altium Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Altium Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Altium Limited Group (the consolidated entity). The consolidated entity comprises both Altium Limited (the company) and the entities it controlled during that half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Altium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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

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

*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Altium Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



M W Chiang  
Partner

Sydney  
26 February 2007