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Altium announces audited financial results for the half-year to December 2009

SYDNEY, Australia – 22 February, 2010 – Electronics design software company Altium Limited (ASX:ALU) has released its 4D statement for the half-year ending 31 December 2009.

Half-year summary

- Sales of US\$20.3m, a decrease of 25% compared to the previous corresponding period
- Revenue of US\$21.7m, a decrease of 19% compared to the previous corresponding period
- Cash balance of US\$4.1m as at 31 December 2009, an increase of 17% from US\$3.5m as at 30 June 2009

"As we mentioned in our update in January, the first half of this financial year reflected tough economic conditions in electronics design markets around the world," said Nick Martin, CEO. "Our assumptions that the next six months will continue to be difficult remain unaltered.

"However, we have seen a marked increase in new customers moving to Altium in the US and Europe. We reported in January that 275 companies had bought Altium solutions for the first time in the US in the last quarter. That number is matched in Europe, and both are trends that continued through calendar year 2009.

"Looking ahead, we are on track to release the next major version of our software to the market late in this third quarter, and our research and development efforts now focus on

exciting new developments in the area of electronics design data management. This will create new opportunities for us at the enterprise level in organizations later this calendar year."

Half-year summary

	<u>6 months ending</u> <u>31 December 2009</u> <u>(US\$,000)</u>	<u>6 months ending</u> <u>31 December 2008</u> <u>(US\$,000)</u>	<u>Change</u>
Sales	20,337	27,214	-25%
Revenue	21,665	26,715	-19%

Half-year regional performance update

	<u>6 months ending</u> <u>31 December 2009</u> <u>(,000)</u>	<u>6 months ending</u> <u>31 December 2008</u> <u>(,000)</u>	<u>Change</u>
Regional Product Sales			
Americas (US\$)	7,257	9,594	-24%
Europe (€)	5,447	6,749	-19%
Asia-Pacific excluding Greater China (US\$)	2,339	2,834	-17%
Greater China (US\$)	2,620	5,097	-49%
Consulting Services (€)	130	230	-43%

ENDS

About Altium

Altium Limited (ASX:ALU) provides next-generation electronics design solutions that break down the barriers to innovation. Altium's solutions are unique because they unify the separate processes of electronics design, all within a single electronics design environment, working off a single data model, linking all aspects of electronics product design into one process. This unified design environment helps electronics designers easily harness the latest devices and technologies, manage their projects across broad design 'ecosystems', and create connected, intelligent designs.

Founded in 1985, Altium has headquarters in Sydney, sales offices in the United States, Europe, China, and resellers in all other major markets. For more information, visit www.altium.com.

Altium, Altium Designer and LiveDesign, and their respective logos, are trademarks or registered trademarks of Altium Limited, or its subsidiaries. All other registered or unregistered trademarks mentioned in this release are the property of their respective owners, and no trademark rights to the same are claimed.

Appendix 4D Half-Year Report

Altium Limited and Controlled Entities

ACN 009 568 772

Period ended 31 December 2009

Results for announcement to the market

	6 months ended 31 December 2009 US\$'000	6 months ended 31 December 2008 US\$'000	Percentage Change
Revenue from ordinary activities	21,665	26,715	(19%)
Earnings before interest, tax, depreciation and amortisation	(1,742)	3,697	(147%)
(Loss) profit from ordinary activities before tax	(4,567)	1,393	(428%)
Income tax benefit (expense)	317	(651)	(149%)
(Loss) profit from ordinary activities after tax attributable to members	(4,250)	742	(673%)

Dividends	Amount per security	Franked amount per security
Dividends declared	-	-

Return of capital	6 months ended 31 December 2009 US\$'000	6 months ended 31 December 2008 US\$'000
Return of capital	-	1,238

NTA Backing	31 December 2009 US\$ cents	30 June 2008 US\$ cents
Net tangible asset backing per ordinary share	7.9 cents	10.5 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 group's financial report.

Audit Committee

There is a formally constituted audit committee.

Altium Limited and Controlled Entities
ACN 009 568 772

Half-Year Report
31 December 2009

Altium

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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 should be read in conjunction with the annual report for the year ended 30 June 2009 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.

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. A copy of the 30 June 2009 annual financial report can also be provided to shareholders on request.

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 half-year ended 31 December 2009.

Directors

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

Samuel Weiss
 Nicholas Martin
 Kayvan Oboudiyat
 Carl Rooke
 Dr David Warren
 William Bartee

Principal activities

The group's principal activities during the half year were 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.

Interim results

	6 months ended 31 December 2009 US\$'000	6 months ended 31 December 2008 US\$'000
(Loss) profit before income tax	(4,567)	1,393
Income tax benefit (expense)	317	(651)
(Loss) profit attributable to members of Altium Limited	<u>(4,250)</u>	<u>742</u>

Review of operations

Overview of financial performance and position:

	6 months ended 31 December 2009 US\$'000	6 months ended 31 December 2008 US\$'000	Change
Sales	20,337	27,214	(25%)
Revenue	21,665	26,715	(19%)
Earnings before interest, tax, depreciation and amortisation	(1,742)	3,696	(147%)
(Loss) profit before tax	(4,567)	1,393	(428%)
(Loss) profit attributable to members	(4,250)	742	(673%)
Adjusted (loss) profit before tax ¹	(3,464)	2,430	(243%)
Operating cash flows	1,695	6,846	(75%)
Earnings per share (cents)	(4.8)	0.8	(673%)
Return of capital per share (AU\$ cents)	-	2.0	(100%)
Average number of employees during the half-year	276	330	(16%)
Number of employees at end of half-year	267	329	(19%)
	31 December 2009 US\$'000	30 June 2009 US\$'000	Change
Cash position	4,124	3,526	17%
Deferred revenue	9,876	11,000	(10%)

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 and dispatched in the period with no adjustment for deferred revenue recognition.

Directors' report (continued)

The following table illustrates sales by region for the six months ended 31 December 2009 compared to the same period in the previous corresponding period.

Sales by region in local currencies:

	6 months ended 31 December 2009 \$'000	6 months ended 31 December 2008 \$'000	Change
Product Sales			
Americas (US\$)	7,257	9,594	(24%)
Europe (€)	5,447	6,749	(19%)
Greater China ¹ (US\$)	2,620	5,097	(49%)
Asia-Pacific excluding Greater China ¹ (US\$)	2,339	2,834	(17%)
Consulting Services			
Consulting (€)	130	230	(43%)

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

Dividends

No dividends have been declared during the half-year ended 31 December 2009. The directors recommended the payment of an unfranked interim dividend of AU\$ 2 cents per fully paid ordinary share at 31 December 2008, which was paid on 24 March 2009.

Auditor's independence declaration

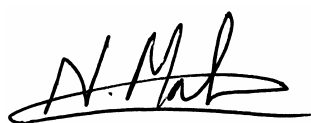
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and 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 Martin
Director and Chief Executive Officer



Kayvan Oboudiyat
Director and Executive Vice Chairman

Sydney
19 February 2010

Auditor's independence declaration

As lead auditor for the review of Altium Limited for the half-year ended 31 December 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 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.



M W Chiang
Partner

Sydney
19 February 2010

Altium Limited and Controlled Entities

ACN 009 568 772

Consolidated statement of comprehensive income

For the half-year ended 31 December 2009

	31 December 2009 US\$'000	31 December 2008 US\$'000
Revenue	21,665	26,715
Changes in inventories of finished goods and work in progress	(104)	(91)
Raw materials and consumables used	(618)	(470)
Employee benefits expense	(15,102)	(16,852)
Depreciation and amortisation expense	(2,804)	(2,329)
Finance costs	(43)	(62)
Rental expense	(1,650)	(1,627)
Marketing expense	(1,039)	(1,324)
Travel and entertainment	(1,028)	(909)
Professional advice expense	(610)	(658)
Communication expense	(572)	(425)
Net foreign exchange (loss) profit	(792)	859
Other expenses	(1,870)	(1,434)
(Loss) profit before income tax	(4,567)	1,393
Income tax benefit (expense)	317	(651)
(Loss) profit for the half year	(4,250)	742
Other comprehensive income		
Exchange differences on translation of foreign operations	1,829	(5,170)
Total comprehensive income attributable to members of Altium Limited	(2,421)	(4,428)
	US Cents	US Cents
Basic earnings per share	(4.8)	0.8
Diluted earnings per share	(4.8)	0.8

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Altium Limited and Controlled Entities

ACN 009 568 772

Consolidated statement of financial position

As at 31 December 2009

	31 December 2009 US\$'000	30 June 2009 US\$'000
Current assets		
Cash and cash equivalents	4,124	3,526
Trade and other receivables	8,332	12,378
Inventories	1,299	1,198
Tax receivables	366	214
Total current assets	14,121	17,316
Non-current assets		
Other receivables	244	268
Property, plant and equipment	4,167	4,155
Intangible assets	7,875	8,487
Deferred tax assets	4,848	4,751
Total non-current assets	17,134	17,661
Total assets	31,255	34,977
Current liabilities		
Trade and other payables	3,967	4,395
Deferred revenue	9,330	10,455
Borrowings	391	395
Tax liabilities	128	108
Provisions	1,435	1,337
Total current liabilities	15,251	16,690
Non-current liabilities		
Deferred revenue	546	545
Borrowings	238	362
Provisions	339	262
Total non-current liabilities	1,123	1,169
Total liabilities	16,374	17,859
Net assets	14,881	17,118
Equity		
Contributed equity	77,170	77,170
Reserves	7,363	5,351
Accumulated losses	(69,652)	(65,403)
Total equity	14,881	17,118

The above consolidated statement of financial position 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 2009

	Note	31 December 2009 US\$'000	31 December 2008 US\$'000
Total equity at the beginning of the half-year		17,118	23,417
Exchange differences on translation of foreign operations		1,829	(5,170)
(Loss) profit for the half-year		(4,250)	742
Total comprehensive income attributable to members of Altium Limited		(2,421)	(4,428)
Transactions with equity holders in their capacity as equity holders:			
Return of capital	3	-	(1,238)
Employee share options		184	97
Total equity at the end of the half-year		14,881	17,848

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 statement of cash flows

For the half-year ended 31 December 2009

	31 December 2009 US\$'000	31 December 2008 US\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	26,975	32,557
Payments to trade creditors, other suppliers and employees (inclusive of goods and services tax)	(25,486)	(25,395)
Interest received	22	88
Interest paid	(43)	(62)
Net income taxes received (paid)	227	(342)
Net cash inflows from operating activities	1,695	6,846
Cash flows from investing activities		
Payments for research and development	(705)	(742)
Payments for property, plant and equipment	(334)	(511)
Proceeds from sale of property, plant and equipment	5	-
Net cash outflows from investing activities	(1,034)	(1,253)
Cash flows from financing activities		
Proceeds from borrowings	134	-
Repayment of borrowings	(307)	(191)
Return of capital	-	(1,238)
Net cash outflows from financing activities	(173)	(1,429)
Net increase in cash held	488	4,164
Cash at beginning of the half year	3,526	5,582
Effects of exchange rate changes on cash	110	(569)
Cash at end of the half-year	4,124	9,177

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated interim 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 2009 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 2009 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. Comparative information is reclassified where appropriate to enhance comparability.

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

Going concern

At 31 December 2009, the group had a current net asset deficiency of US\$1,130,000 (June 2009: net current asset of US\$626,000). This arises primarily due to the deferred revenue liability of US\$9,330,000 (June 2009: US\$10,455,000), which is not expected to result in a cash outflow for the group. The current net asset position excluding deferred revenue would be US\$8,200,000 (June 2009: US\$11,081,000).

Having reviewed and considered the expected cash flow, working capital, deferred revenue, capital expenditure and loan facilities available to the group, the directors and management have formed the view that the group will continue as a going concern for a period of at least 12 months from the date of this report and consequently will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report for the group has therefore been prepared on a going concern basis.

2. 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, Middle East and Africa;
- Greater China – comprises the sales of products throughout 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 (continued)

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:

31 December 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	8,283	8,094	2,676	2,545	26	21,624
Segment sales	7,257	7,932	2,620	2,339	189	20,337
Adjusted operating profit	3,551	4,704	1,508	768	(13,995)	(3,464)

31 December 2008

Revenue from external customers	9,466	9,008	4,942	2,840	371	26,627
Segment sales	9,594	9,377	5,097	2,834	312	27,214
Adjusted operating profit	6,045	6,274	4,147	1,432	(15,468)	2,430

31 December 2009

Segment assets	4,194	5,024	1,407	1,938	13,477	26,040
Segment liabilities	4,852	4,595	168	528	5,254	15,397

30 June 2009

Segment assets	6,241	6,310	1,761	2,027	13,673	30,012
Segment liabilities	5,942	4,879	178	830	5,164	16,993

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 information (continued)

Segment sales reconciles to total revenue as follows:

	31 December 2009 US\$'000	31 December 2008 US\$'000
Total segment sales	20,337	27,214
Net adjustment for deferred revenue recognition	1,287	(587)
Total segment revenue	21,624	26,627
Interest revenue	22	87
Other revenue	19	1
Total revenue	<u>21,665</u>	<u>26,715</u>

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 was amended for the period to 31 December 2008, due to a change in the allocation of group costs.

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

	31 December 2009 US\$'000	31 December 2008 US\$'000
Adjusted operating (loss) profit	(3,464)	2,430
Net adjustment for deferred revenue recognition	1,287	(587)
Amortisation	(2,079)	(1,747)
Share based payments expense	(184)	(100)
Capitalisation of research and development employee costs	677	644
Net foreign exchange (loss) profit	(792)	859
Other	(12)	(106)
(Loss) profit before income tax	<u>(4,567)</u>	<u>1,393</u>

3. Capital Repayment

	31 December 2009 US\$'000	31 December 2008 US\$'000
Capital repayment for the year ended 30 June 2008 of AU\$ 2 cents per share fully paid on 05 November 2008.	-	1,238

4. Contingent liabilities

No significant contingent liabilities existed within the group as at 31 December 2009.

5. Events occurring after balance date

No matter or circumstance has arisen since 31 December 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.

Altium Limited

ACN 009 568 772

Directors' declaration

In the directors opinion:

- a) the financial statements and notes set out on pages 6 to 12 are in accordance with the Corporations Act 2001, including:
 - (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the group's financial position as at 31 December 2009 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.
- (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 Martin
Director and Chief Executive Officer



Kayvan Oboudiyat
Director and Executive Vice Chairman

Sydney
19 February 2010

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 statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Altium Limited group (the group). The group comprises Altium Limited and the entities it controlled during that half-year.

Directors' Responsibility for the half-year financial report

The directors of the group 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 establishing and maintaining internal controls 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 group's financial position as at 31 December 2009 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 the Altium Limited group, 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.

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.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Altium Limited group for the half-year ended 31 December 2009 included on Altium Limited's web site. The group's directors are responsible for the integrity of the Altium Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

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 group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the group's financial position as at 31 December 2009 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
19 February 2010