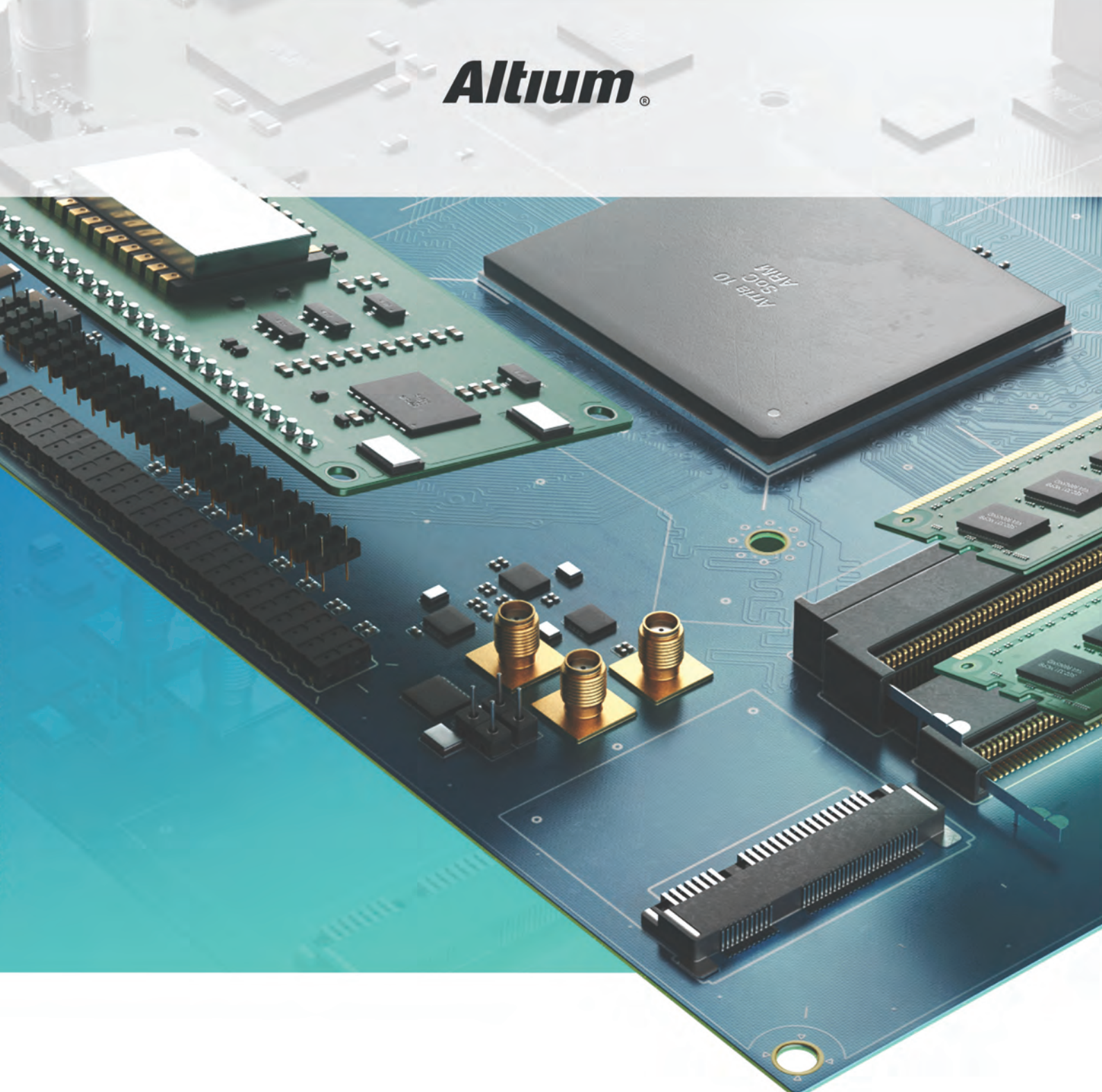




Altium®

ANNUAL REPORT 2017

Altium Limited
ACN 009 568 772

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Directors

Samuel Weiss	Non-Executive Chairman
Aram Mirkazemi	Chief Executive Officer
Dr David Warren	Non-Executive Director
Raelene Murphy	Non-Executive Director - appointed 21 September 2016
Lynn Mickleburgh	Non-executive Director - appointed 1 March 2017

Company Secretaries

Alison Raffin (BBus, ACSA)
Kim Besharati (BEc) - appointed 24 August 2016

Notice of Annual General Meeting

The details of the Annual General Meeting of Altium Limited are:

Date: 8 November 2017
Time: 9am
Venue: Pier One Sydney Harbour, 11 Hickson Road
Walsh Bay, Sydney NSW 2000, Australia

Registered office

Suite 6.03, Level 6
Tower B, The Zenith
821 Pacific Highway
Chatswood NSW 2067
Australia

Share Register

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street, Sydney NSW 2000
Australia 1 300 850 505, Overseas +61 3 9415 4000

Auditor

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000
+61 2 8266 0000

Stock Exchange Listing

Altium Limited shares are listed on the Australian Securities Exchange (ASX code: ALU)

Website Address

www.altium.com

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Altium Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

The following persons were directors of Altium Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Samuel Weiss (Chairman)
 Dr David Warren
 Aram Mirkazemi
 Raelene Murphy - appointed 21 September 2016
 Lynn Mickleburgh - appointed 1 March 2017
 Carl Rooke - retired 28 February 2017

Principal Activities

During the financial year the principal continuing activities of the consolidated entity consisted of the development and sales of computer software for the design of electronic products.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Final dividend for the year ended 30 June 2016 of AU 10 cents (2015: AU 8 cents) Interim dividend for the half year ended 31 December 2016 of AU 11 cents (2015: AU 10 cents)	9,830	7,644
Interim dividend for the half year ended 31 December 2015 of AU 10 cents (2014: AU 8 cents)	10,961	9,987
	20,791	17,631

The Directors have declared a final dividend of AU 12 cents per share for the year ended 30 June 2017. The dividend will be paid on 2 October 2017 based on a record date of 4 September 2017. This amounts to a total dividend of US\$12.3 million based on the total number of shares outstanding.

Review of Operations

Overview

Altium achieved a record result for fiscal 2017. Worldwide revenue grew by 18.4% to US\$110.9 million. This result exceeded the target of US\$100 million in revenue that the company set in FY2014. Profit before tax grew by 19.8% to US\$29.5 million. Profit after tax increased 22% delivering a record earnings per share (EPS) of 21.7 cents. Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 21.2% to US\$33.3 million. Altium increased EBITDA margin percentage from 29.3% in FY2016 to 30.0%, achieving our goal to expand EBITDA margin to at least 30% and beyond that.

EBITDA margins continue to expand because of Altium's disciplined fiscal policies and as a percentage of revenue reached the 30% base target we committed to. Altium's EBITDA margin of 30% represents a fully loaded number, cost associated with one-time events such as re-structuring, acquisitions, earn-out adjustments etc. contributed (2.3%) to our "run-rate" EBITDA percentage, the resulting 32.2% "run-rate," or 'underlying' EBITDA is 1.4% higher than the comparable "run-rate" percentage in FY2016.

Altium has a strong balance sheet; operating cash flow contributed US\$35.8 million in FY2017 and Altium ended the year with a cash balance of US\$44.3 million after paying dividends of US\$20.8 million (2016: US\$17.6 million) and completing two acquisitions with combined cash consideration of US\$3.4 million.

Altium delivered growth on multiple fronts: our PCB subscription pool grew by 11% to 34,522 active subscribers, Americas PCB grew 12% exceeding second half expectations as capacity brought online in the first half was utilised, China PCB delivered a 26% growth in revenue compared to FY2016, Altium Designer seat count reached 5500 a 7% annual growth rate and Octopart, an acquisition from FY2016, showed growth of 72% building momentum in our non-PCB market space.

Altium completed acquisitions of Netherlands-based Transfer B.V. and United Kingdom-based Premier EDA Solutions Limited, both long-time resellers of Altium products, during fiscal 2017. These acquisitions are aligned with Altium's strategy to sell direct in all key markets, leveraging the competitive advantage of Altium's transactional sales model. Altium now sells direct in Germany, Switzerland, Austria, the Netherlands, Belgium, Sweden, Norway, Denmark, Finland, UK and France in addition to the Americas. In fiscal 2018, Altium plans to roll out its direct selling model to Spain and Italy.

Key Financial Highlights

- Revenue increased by 18% to US\$110.9 million, including a 16% increase in Altium Designer license revenue.
- Net Profit after Tax (NPAT) increased by 22% to US\$28.1 million.
- Operating expenses, excluding depreciation, amortisation and interest increased by 17% over the prior year, resulting in 21% increase in EBITDA.
- Operating costs of acquired entities and the related acquisition costs contributed 2% of the increase in operating expenses, compared to prior year.
- Earnings per share (EPS) increased by 21% to 21.7 cents per share.

Key Financial Results

	Consolidated		
	30 Jun 2017 US\$'000	30 Jun 2016 US\$'000	Change %
Revenue (excluding interest)	110,865	93,597	18%
Operating expenses (excluding depreciation, amortisation and interest)	(77,611)	(66,167)	17%
- Existing business expenses*	(76,048)	(61,046)	
- Expenses of acquired businesses and acquisition costs	(1,563)	(5,121)	25%
EBITDA	33,254	27,430	21%
EBITDA margin	30.0%	29.3%	
EBITDA margin existing business*	31.4%	31.1%	
Depreciation and amortisation	(3,785)	(2,742)	
EBIT	29,469	24,688	19%
Net Interest received	(3)	(78)	
Profit before income tax	29,472	24,610	20%
Income tax expense	(1,395)	(1,590)	
Profit after income tax	28,077	23,020	22%
EPS	21.70	17.89	21%

* The Key financial results from the existing business exclude the revenue, operating expenses and acquisition related costs of the businesses acquired in the year.

	30 Jun 2017 US\$'000	30 Jun 2016 US\$'000	Change %
Product Revenue			
Altium Designer software licenses	41,736	35,980	16%
Altium Designer subscriptions	41,199	36,000	14%
TASKING software licenses	7,217	5,778	25%
TASKING maintenance	3,839	3,441	12%
Service revenue	3,803	4,319	(12%)
Search advertising	7,688	4,467	72%
Other	5,383	3,612	49%
Total Product Revenue	110,865	93,597	18%

For more details on revenue, refer to Note 3 of the annual report.

	30 Jun 2017 US\$'000	30 Jun 2016 US\$'000	Change %
Product Sales			
Altium Designer software licenses	41,611	37,039	12%
Altium Designer subscriptions	43,609	38,881	12%
TASKING software licenses	6,863	6,737	2%
TASKING maintenance	4,151	4,255	(2%)
Service revenue	4,059	4,615	(12%)
Search advertising	7,688	4,467	72%
Other	5,462	4,366	25%
Total Sales	113,443	100,360	13%

Net Profit after tax

Net profit after tax increased by 22% to US\$28.1 million from US\$23.0 million in the previous year.

The effective tax rate for the year was 4%. The current period tax rate of 4% reflects the tax effect of the utilisation of the deferred tax asset recognised as a result of temporary differences arising on relocation of Altium's core business assets to the USA in FY2015 and the effect of permanent differences associated with the transaction. Altium will continue to utilise these tax benefits in future periods, which will reduce the effective tax rate of the Group.

Operational Highlights

During fiscal 2017, Altium achieved a sixth consecutive year of double-digit sales and revenue growth, exceeding the revenue goal of US\$100 million for fiscal 2017, set more than three years ago and expanded EBITDA margin to 30%.

Altium's Board and Systems revenue grew to US\$91.5 million supported by a strong performance across all regions. EMEA grew revenue by 23% and continued the transformation of its business model to direct transactional sales in key markets. The America's achieved a strong second half performance of 15% growth (utilising capacity built into the America sales team at the end of the first half) to finish the year with double-digit growth. China continued its strong run to deliver revenue growth of 26% for the full year.

The number of Altium Designer licenses sold increased by 7% to over 5,500 seats while Altium's subscription pool grew by 11% to reach over 34,522 subscribers, demonstrating the strength of the transactional sales model. The run-rate of growth of the subscription pool is above that required to achieve Altium's 2020 financial goal of US\$200 million in total revenue and US\$150 million in PCB revenue.

Altium's Microcontrollers and Embedded Systems revenue grew by 18% worldwide to US\$11.7 million. Our TASKING business is performing well following investment into modernising its organisational structure, delivering ASpice Level 2 certification and focusing the business model on Infineon to capitalise on the rise of Infineon's TriCore and Aurix chipset for the automotive industry. For the full year, TASKING achieved a revenue growth of 18% over FY2016 without the benefit of a single large transaction.

The Makers and Content segment, including Octopart, grew by 72% to US\$7.7 million in revenue during fiscal 2017. Octopart has grown in strength since the business was acquired nearly two years ago and is the engine that drives Altium's content strategy. Octopart delivers supply chain intelligence to the electronic design engineering community and aims to be the number one brand associated with electronic parts search.

The Altium technology partnership with the SolidWorks division of Dassault Systemes to deliver a new electronic CAD product that is tightly integrated with the SolidWorks mechanical CAD product provides a unique platform for the design of intelligent products. This product, SolidWorks PCB, was released on 1 July 2016. SolidWorks is investing in sales and marketing tools to enable its worldwide reseller channel to sell the new product. Results for SolidWorks PCB in FY2017 are at the contract minimum and as previously stated, Altium believes the product ramp will be slow and highly dependent upon SolidWorks positioning of the product in the SolidWorks Channel. Altium's partnership with SolidWorks expands its influence and market reach beyond the historic PCB market.

Altium is working with Dassault Systemes to combine Altium's electronic CAD (ECAD) expertise with Dassault's enterprise capability. Work is underway with the Dassault Systemes CATIA division to form a partnership to integrate Altium's ECAD capability into Dassault's high-end CATIA product.

During the past twelve months, Altium's R&D division has actively supported Altium's multi-product, multi-segment strategy. Altium provided an upgrade to its flagship product Altium Designer, maintaining its rhythm of annual updates for its customers. In November 2017, Altium will release Altium Designer 18 and its new high-end PCB product, ATINA (with comprehensive collaboration and data management capability). Both products are built on Altium's new X2 platform (a high speed engine with a user interface experience in an "Adobe" like-way).

Strategy

The pursuit of PCB market leadership by 2020 is the singular point of focus for Altium. The company is rolling out new products, pursuing strategic partnerships and prosecuting an M&A strategy to increase Altium's market reach.

Altium is committed to delivering consistent financial performance based on the successful execution of its "line and length" strategy and the achievement of double-digit sales and revenue growth while expanding margin at the same time.

Improvement in the transactional sales model through greater systematisation, the extension of the direct sales model key markets in EMEA as well as the high-release R&D culture underpin EBITDA margin expansion every year.

Outlook

Altium's business is impacted positively by the rise of smart connected devices and the emerging market for the Internet of Things.

Altium is committed to achieving market leadership in PCB design software by 2020 (in both dollars and seats) and achieving US\$150 million in PCB revenue and US\$200 million in total revenue. Specific drivers of growth will include:

- Creation of a range of PCB tools that provide more targeted solutions for all segments of the market.
- Delivery of consistent (annual) updates to our products with new features and capabilities for our customers.
- Leverage of partners to expand Altium's reach into new markets.
- The pursuit of acquisitions that will support Altium's bid for PCB market leadership.
- Rigorous adherence to a high performance culture throughout the company.

Risk

Factors that may impact sales growth include foreign currency fluctuations, delays in product development, commercial viability of new products, delays in the establishment of a high performance sales organisation and the global economy.

The major currency risk is the EUR/USD due to the large proportion of sales made in Europe. A depreciation of the EUR against the USD would have a negative impact on group sales and revenue.

The timing of new product releases is a key factor in new license and subscription growth. New technology in releases carry inherent risks of delay and quality. Forward planning of the technology requirements for each release and disciplined project management and quality assurance processes mitigate these risks.

As the company diversifies its product base the risk of the commercial viability of new products increases. This risk will be mitigated through in depth market research, as well as continued investment in R&D and a nimble approach to product development to keep pace with market demands.

Sales of PCB and TASKING software solutions require lengthy lead times and sophisticated engagement with customers. Failure to recruit, hire and train the Altium direct sales force, the new enterprise solution sales team and re-seller partners in a timely and effective manner could reduce revenue growth. This risk is mitigated through the due diligence process prior to appointing a new sales representative or reseller and comprehensive training, upon appointment and continuously thereafter.

New financial risks can arise from expanding the geographic reach of the company, broadening the customer base through acquired product lines or new services, and inheriting new or unique contract terms through merger and acquisition activity.

Significant changes in the state of affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

Acquisitions

On 30 August 2016, the company acquired 100% of the issued shares in Transfer B.V., a reseller of Altium products.

On 16 January 2017, the company acquired 100% of the issued shares in Premier EDA Solutions Limited, a reseller of Altium products.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 25 August 2017, Altium Limited acquired 100% of Upverter Inc, a privately-owned company based in Canada, which creates web-based electronic CAD solutions, for a total consideration of CAD7,000,000. Altium will issue, as a part of the Upverter acquisition, up to 415,000 fully paid ordinary shares that will rank equally with all existing fully paid ordinary shares as of the date of issue, subject to certain time and performance conditions. The shares to be issued will be a component of the purchase price, with an issue price of \$8.52. Shareholder approval will not be sought and the issue will not be to a class of shareholders.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

At the date of this report there are no likely developments in the operations of the consolidated entity that would materially impact the results of the group. The key opportunities that may benefit the consolidated entity are set out in the "Outlook" section above, and the associated risks are set out under the heading "Risk" above.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name: Samuel Weiss

Title: Non-Executive Chairman

Qualifications: AB MS FAICD

Experience: Sam joined the Altium Board as a Non-executive Director on 1 January 2007 and was selected Chairman of the Board on 4 October of that year. Sam is also Chairman of 3PLearning Ltd. He has extensive experience as a Non-executive Director and Chairman of both public and private companies as well as charitable institutions and arts organizations. He has worked in the United States and Europe as well as in Australia and had a long executive career with management roles in consumer products and technology companies.

Expertise: Sam brings to Altium strong corporate governance experience with specific skills and background in technology, online products and services, consumer marketing, and doing business in global markets. He has a leading edge understanding of multi-channel brand management and go-to-market strategy development and of Internet enabled businesses. Sam is well versed in the human capital, legal and financial intricacies of mergers & acquisitions, corporate re-structuring and business integration and consolidation. He has boardroom expertise in remuneration policy and planning, as well as director level oversight of strategic planning, and organizational design and development.

Other current directorships: 3PLearning Ltd

Former directorships (last 3 years): Orotan Group Ltd, Breville Group Ltd, iProperty Ltd, Ensogo Ltd and SurfStitch Group Limited

Special responsibilities: Member of the Audit and Risk Management Committee and the Human Resources Committee

Interests in shares: 1,935,207 (2016: 1,880,207) ordinary shares - Sam also holds a nominee interest in 653,362 (2016: 1,241,007) ordinary shares as a trustee of the Employee Share and Option Plan Trust

Interests in options: None

Name: Dr David Warren

Title: Non-executive Director

Qualifications: BSc Tas Hon DSc Tas MAIP FAICD

Experience: David has been associated with Altium since its inception in 1985. After joining Altium's management team in 1987, David served as President of Altium's USA operation from 1994 to 1995. He has served as a member of the Board since 1991. Since 1995 he has worked in the areas of mergers and, acquisitions, sales and corporate development prior to becoming a Non-executive Board member in 2004. David has served on a number of company boards both private and public. His work in astronomy led him into the world of software and electronic design where he has since gained more than 35 years' experience.

Expertise: David has expertise in software and electronic design, mergers and acquisitions, sales, management and corporate development.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of the Audit and Risk Management Committee and Chair of the Human Resources Committee

Interests in shares: 1,006,144 (2016: 1,306,144) ordinary shares

Interests in options: None

Name: Raelene Murphy

Title: Non-executive Director

Qualifications: BBus, CA, GAICD

Experience: Raelene was appointed to the Altium Board on the 21 September 2016. During her career, Raelene has been a partner at a national accounting firm, Finance Director of the Davenport Group and CEO of the Delta Group. More recently, she served as Managing Director of KordaMentha where she was a lead partner on the Federal Government strategic review of the NBN.

Expertise: Raelene is highly experienced in driving financial and operational performance as an executive, advisor and non-executive director in a number of industry sectors in the private and public arena. In particular Raelene's expertise has been in M&A and post-acquisition integration, two areas that are germane to the strategic plans of Altium.

Other current directorships: Bega Cheese Limited (BGA), Servicestream (SSM), Tassal Group Limited (TGR) – Listed Entities

Former directorships (last 3 years): EVZ Limited (EVZ) - resigned 4 March 2016

Special responsibilities: Chair of the Audit and Risk Management Committee and Member of the Human Resources Committee

Interests in shares: None

Special responsibilities: None

Name: Lynn Mickleburgh

Title: Non-executive Director

Qualifications: BSc (with Honours) in Mathematics, MBA in Business Management

Experience: Lynn joined the Altium Board as a Non-executive Director on 1 March 2017. Lynn brings experience from both Fortune 500 companies and high growth SMB in the technology sector. She is currently Head of Business Optimization at Atlassian Inc. Prior experience includes VP Finance at Citrix Systems, various global, operational leadership roles at Adobe Systems, and Apple Computer.

Expertise: Lynn has many years of experience in transforming and scaling software companies, and brings valuable skills to the Altium Board in B2B multi-channel commerce for SMB and Enterprise, and building agile, scalable business platforms for operational efficiency. Lynn's expertise includes emerging GTM business models, SAAS growth strategies, moving from perpetual to subscription, frictionless customer experiences and, leveraging people, process and technology to drive margin expansion. Lynn is also well versed in finance and accounting, corporate planning and reporting, data governance and M&A integrations.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of the Audit and Risk Management Committee and the Human Resources Committee

Interests in shares: None

Special responsibilities: None

Name: Aram Mirkazemi

Title: Chief Executive Officer

Qualifications: BE

Experience: Aram joined Altium in 1991 serving as Director of Research and Development from 1992 until 1999 and as a member of Altium's Board from 1992 to 2000. Following Altium's successful IPO in 1999 Aram left to explore his interest in web based software systems and went on to found Morfik Technology. Aram returned to Altium in 2010 as part of the Morfik acquisition and was appointed as Head of Engineering and later as Director and Chief Technology Officer in October 2012 before his appointment as Chief Executive Officer on the 16th January 2014.

Expertise: Aram brings to the Altium group over 20 years' experience in senior management roles at the forefront of CAD software development and web-based technology, and Aram has extensive experience in directing complex software engineering projects and products. In his role as CEO and Executive Director, Aram is at the forefront of the development of Altium's strategic direction, leveraging his deep understanding of the EDA industry and his visionary approach.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: 9,813,543 (2016: 9,706,865) ordinary shares and 278,693 unvested performance rights

Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretaries

Alison Raffin - appointed 11 November 2011

Kim Besharati - appointed 24 August 2016

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Human Resources Committee		Audit and Risk Management Committee	
	Attended	Held	Attended	Held	Attended	Held
Samuel Weiss	8	8	3	3	6	6
Dr David Warren	8	8	3	3	5	6
Aram Mirkazemi	8	8	-	-	-	-
Raelene Murphy*	6	7	1	1	5	5
Lynn Mickleburgh**	3	3	1	1	2	2
Carl Rooke***	5	5	2	2	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Raelene Murphy was appointed as a Non- executive director on 21 September 2016

** Lynn Mickleburgh was appointed as a Non-executive director on 1 March 2017

*** Carl Rooke retired as a Non-executive director on 28 February 2017

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

For a number of years Altium Limited has sought to bring into harmony the interests of the Company, its Shareholders and its Customers. The motivation and remuneration of its Key Executives is an intrinsic part of this process. The Strategic Intent for Altium is to:

- Become the Market Leader in PCB Design Tools
- Develop a Leadership position in the emerging area of System Engineering
- Build the market for Content and Search in PCB parts

Our Remuneration philosophy is designed to enable our people at all levels of the Company to contribute to the successful implementation of the Strategic Intent and we include the following principles in our total rewards framework:

- Provide competitive rewards to attract, motivate and retain high calibre executives;
- Link executive rewards to the creation of shareholder value;
- Establish compensation that is consistent with a desire to make Altium an 'Employer of Choice'.

The Altium total reward program includes a mixture of fixed and performance based at risk remuneration (with common goals) to ensure that there is individual as well as collective accountability for the group's performance.

Share based rewards are used in our long-term incentive plans to encourage executives to focus on the creation of enduring value for investors and as a means to retain key contributors for the long term. Fixed pay conditions are designed to attract and retain top talent in a competitive environment, considering the capability and experience of individual executives.

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 structure

The structure of Non-executive Director remuneration and senior executive remuneration is separate and distinct. The total remuneration package for all executives is designed to ensure an appropriate mix of fixed remuneration with long-term incentive opportunities.

Non-Executive Director remuneration

Non-executive Director remuneration pay reflects the demands made of, and the responsibilities and skills of the Non-executive Directors. Non-executive Director fees are recommended by the Human Resources 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 Non-executive Directors' fee pool is AU\$1,500,000 per annum and was last approved in a general meeting on 17 November 2015.

Executive remuneration

The executive pay and reward framework has two key elements:

- Fixed annual remuneration and benefits, including statutory entitlements
- Variable compensation
 - Short-Term Incentive Plan (STI) cash-based plan and
 - Long-Term Incentive Plan (LTI) equity-based plans

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

Fixed Annual Remuneration

Fixed Annual Remuneration is a combination of cash and prescribed non-financial benefits at the executive's discretion. Executives are offered a competitive base salary that comprises the fixed component of pay and rewards. Base compensation for executives is reviewed annually by reference to appropriate external benchmark information, to ensure that executive pay is competitive with the market and 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 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, long term vision and with the best interest of shareholders.

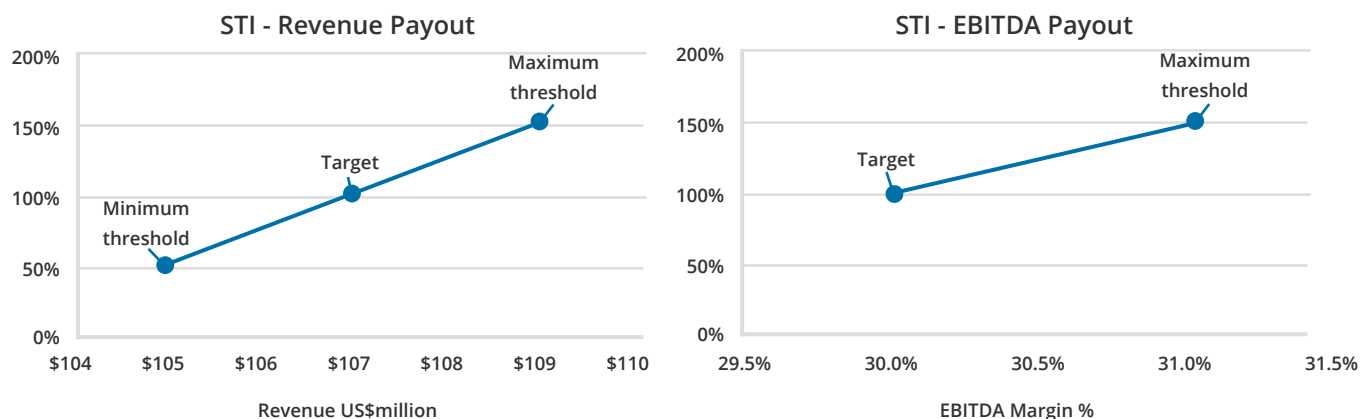
While Altium conducts annual remuneration reviews, there are no guaranteed remuneration increases contained in any executive contracts or agreements. Any increases are determined by individual performance, economic indicators and market data.

Short-term incentives

In August 2014 the board of directors approved the establishment of the Short Term Incentive Plan ("STI Plan"). The purpose of the STI plan is to reward the Executive Team for its contribution to the achievement of Altium's financial, strategic and organisational objectives.

The STI plan is designed to incentivise the Executive Team to deliver results in excess of budget.

For the year ended 2017, performance was assessed on achievement of revenue growth and EBITDA margin targets. 70% of STI will be paid for the achievement of the revenue target while the remaining 30% will be for the achievement of the EBITDA margin target. The STI payment is capped at 150% of total. For any payment above 100% of the STI the achievement level of both STI metrics needs to be greater than 100%.



For the year ended 30 June 2017, the STI will be paid out at 103% (30 June 2016: 100%). The revenue portion of the STI achieved 150% however this achievement is capped due the EBITDA margin portion at 100%.

	FY17 LTI thresholds			FY17 Actual
Revenue USD target	\$105M	\$107M	\$109M	\$111M
70% STI payout level	50%	100%	150%	150%
EBITDA margin target	29%	30%	31%	30%
30% STI payout level	0%	100%	150%	100%
Total STI payout level				103%

Long-term incentives

The company believes that the best way to motivate its Executive Team to create value for shareholders is to enable those individuals to become shareholders themselves so that they benefit from capital appreciation and dividend payments.

In August 2012, the board of directors approved the Key Employee Share Plan ("Share Plan"), which is part of the Altium Ltd Employee Share & Option Plan Trust, with the purpose of encouraging ownership of Altium Shares in key employees within the Altium Group. The Share Plan awards shares on a long term basis as an incentive to encourage employees to focus on creating sustainable value and a sense of ownership and accountability to the group.

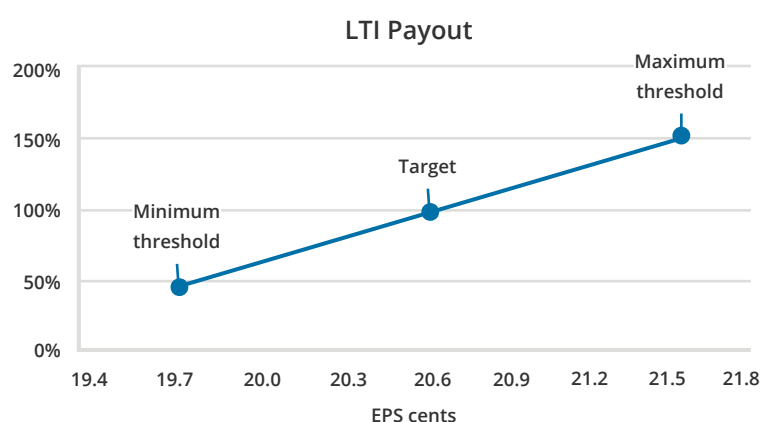
The Share Plan grants are based on employees' contribution and commitment to the company over a period of several years plus the ability of the employees to impact and influence the outcome and direction of the organisation in the future.

In August 2014, the board of directors approved the establishment of the Altium Performance Rights Plan. The Performance Rights Plan which replaced the 2012 Share Plan is designed to provide "ownership" incentives for Executives to build a company with the ability to appreciate in value and to increase its ability to deliver revenue and margin growth and higher earnings over time.

Participants are invited to join the Plan every year based upon the recommendation of the CEO, Human Resources Committee and at the discretion of the Board.

Each Performance Right is a contractual right which entitles the holder to be allocated one fully paid ordinary share in Altium at no cost upon the Performance Right becoming a Vested Performance Right in accordance with the Plan hurdles being met. Upon the performance conditions being satisfied the Performance Rights will vest in three approximately equal tranches following the end of the financial years.

The 2017 Plan was assessed based on EPS. Participants can achieve a maximum of 150% of the LTI amount. For any payment above 100% of the LTI, the achievement of the EBITDA margin STI metric needs to be greater than 100%.



For the year ended 30 June 2017, the LTI will be paid out at 100% (30 June 2016:100%). The EPS cents achieved maximum threshold of 150% however this achievement is capped due to the STI EBITDA margin achieving 100%.

	FY17 LTI thresholds				FY17 Actual
Achievement level	50%	100%	100%	150%	100%
EPS US cents	19.7	20.6	21.5	21.5	21.81
EBITDA Margin	N/A	N/A	≤30.0%	>30.0%	30%

Statutory performance indicators

The Altium executive remuneration philosophy is to align it to the strategic and business objectives of the company and to create returns for shareholder in capital appreciation and dividends. The table below shows measures of the group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration awarded to KMPs, as shown above. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration award.

	2017	2016	2015	2014	2013
Profit for the year attributable to the owners of Altium Limited (\$'000)	28,077	23,020	92,398	11,166	1,366
Basic earnings per share (cents)	21.70	17.89	74.84	10.26	1.33
Dividend payments (US\$'000)	20,791	17,631	15,886	12,808	9,091
Dividend payout ratio (%)	74%	77%	17%	114%	665%
Total KMP incentives awarded as a percentage of profit for the year	4.9%	3.5%	0.32%	-	-

Details of remuneration

Amounts of remuneration

The key management personnel of the consolidated entity consisted of the directors of Altium Limited, Joseph Bedewi - Chief Financial Officer and Henry Potts - Chief Product and Operations Officer.

Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Equity-settled		
	Cash salary and fees US\$	STI Plan US\$	Non-monetary US\$	Super-annuation US\$	Long service leave US\$	LTI Plan US\$	Share grant US\$	Total US\$
2017								

Non-Executive Directors:

Samuel Weiss	233,382	-	-	22,171	-	-	-	255,553
Dr David Warren	123,564	-	-	11,739	-	-	-	135,303
Raelene Murphy*	117,500	-	-	-	-	-	-	117,500
Lynn Mickleburgh**	45,490	-	-	-	-	-	-	45,490
Carl Rooke***	85,306	-	-	-	-	-	-	85,306

Executive Directors:

Aram Mirkazemi	475,000	256,485	26,783	-	-	459,536	-	1,217,804
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Other Key Management Personnel:

Henry Potts	423,846	218,012	44,647	-	-	223,749	685,619	1,595,873
Joseph Bedewi	360,000	184,669	58,005	-	-	31,446	231,321	865,441
	1,864,088	659,166	129,435	33,910	-	714,731	916,940	4,318,270

* Raelene Murphy was appointed as a Non- executive director on 21 September 2016

** Lynn Mickleburgh was appointed as a Non-executive director on 1 March 2017

*** Carl Rooke retired as a Non-executive director on 28 February 2017

	Short-term benefits			Post-employment benefits	Long-term benefits	Equity-settled	
	Cash salary and fees US\$	STI Plan US\$	Non-monetary US\$	Superannuation US\$	Long service leave US\$	LTI Plan US\$	Total US\$
2016							

Non-Executive Directors:

Samuel Weiss	146,753	-	-	13,942	-	-	160,695
Carl Rooke	87,453	-	-	-	-	-	87,453
Dr David Warren	80,048	-	-	7,605	-	-	87,653

Executive Directors:

Aram Mirkazemi	403,077	182,500	21,839	-	-	273,242	880,658
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Other Key Management Personnel:

Henry Potts	352,692	182,500	57,888	-	-	129,256	722,336
Joseph Bedewi*	109,385	47,906	16,341	-	-	-	173,632
	1,179,408	412,906	96,068	21,547	-	402,498	2,112,427

* Joseph Bedewi commenced as Chief Financial Officer on 16 March 2016.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
	2017	2016	2017	2016	2017	2016

Non-Executive Directors:

Samuel Weiss	100%	100%	-	-	-	-
Carl Rooke	100%	100%	-	-	-	-
Dr David Warren	100%	100%	-	-	-	-
Raelene Murphy	100%	-	-	-	-	-
Lynn Mickleburgh	100%	-	-	-	-	-

Executive Directors:

Aram Mirkazemi	41%	48%	21%	21%	38%	31%
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Other Key Management Personnel:

Henry Potts	72%	57%	14%	25%	14%	18%
Joseph Bedewi	75%	72%	21%	28%	4%	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Samuel Weiss
Title:	Chairman
Term of agreement:	Open agreement with no fixed term.
Details:	Base fee of US\$285,000, inclusive of superannuation effective 1 October 2016.
Name:	Dr David Warren
Title:	Non-executive Director
Term of agreement:	Open agreement with no fixed term.
Details:	Base fee of US\$150,000, inclusive of superannuation effective 1 October 2016.
Name:	Raelene Murphy (appointed to this position on 21 September 2016)
Title:	Non-executive Director
Term of agreement:	Open agreement with no fixed term.
Details:	Base fee of US\$150,000, effective 1 October 2016.
Name:	Lynn Mickleburgh (appointed to this position on 1 March 2017)
Title:	Non-executive Director
Term of agreement:	Open agreement with no fixed term.
Details:	Base fee of US\$142,500, effective 1 March 2017
Name:	Aram Mirkazemi
Title:	Chief Executive Officer
Term of agreement:	Open agreement with no fixed term.
Details:	Base salary of US\$500,000, participation in 2017 STI Plan for an on-target benefit of US\$250,000 to a maximum benefit of US\$375,000 and participation in 2015, 2016 and 2017 Performance Rights plan (LTI) for an on-target benefit of US\$500,000 to a maximum benefit of US\$750,000.
Name:	Joseph Bedewi
Title:	Chief Financial Officer
Term of agreement:	Open agreement with no fixed term.
Details:	Base salary of US\$360,000, participation in 2017 STI Plan for an on-target benefit of US\$180,000 to a maximum benefit of US\$270,000 and participation in 2017 Performance Rights plan (LTI) for an on-target benefit of US\$180,000 to a maximum benefit of US\$270,000.
Name:	Henry Potts
Title:	Chief Product and Operations Officer
Term of agreement:	Open agreement with no fixed term.
Details:	Base salary of US\$425,000, participation in 2017 STI Plan for an on-target benefit of US\$212,500 to a maximum benefit of US\$318,750 and participation in 2016 and 2017 Performance Rights plan (LTI) for an on-target benefit of US\$212,500 to a maximum benefit of US\$318,750.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Performance rights

Values of performance rights over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Grant date	Vesting date	Number of rights granted	Value of rights granted US\$	Number of rights vested	Value of rights vested US\$	Number of rights lapsed	Value of rights lapsed US\$	Number of rights forfeited	Value of rights forfeited US\$
A. Mirkazemi	26/08/2014	31/08/2016	85,149	186,732	42,574	93,366	42,575	93,366	-	-
A. Mirkazemi	26/08/2014	31/08/2017	85,149	186,732	-	-	42,575	93,366	-	-
A. Mirkazemi	16/02/2016	31/08/2016	64,102	217,339	64,102	217,339	-	-	-	-
A. Mirkazemi	16/02/2016	31/08/2017	64,103	217,342	-	-	-	-	-	-
A. Mirkazemi	16/02/2016	31/08/2018	64,103	217,342	-	-	-	-	-	-
A. Mirkazemi	18/11/2016	1/09/2017	24,460	156,124	-	-	-	-	-	-
A. Mirkazemi	18/11/2016	1/09/2018	23,741	151,533	-	-	-	-	-	-
A. Mirkazemi	18/11/2016	1/09/2019	23,741	151,533	-	-	-	-	-	-
H. Potts	16/02/2016	31/08/2016	34,801	142,070	34,801	142,070	-	-	-	-
H. Potts	16/02/2016	31/08/2017	33,777	137,892	-	-	-	-	-	-
H. Potts	16/02/2016	31/08/2018	33,777	137,892	-	-	-	-	-	-
H. Potts	5/05/2017	1/09/2017	10,396	64,923	-	-	-	-	-	-
H. Potts	5/05/2017	1/09/2018	10,090	63,013	-	-	-	-	-	-
H. Potts	5/05/2017	1/09/2019	10,090	63,013	-	-	-	-	-	-
J. Bedewi	5/05/2017	1/09/2017	8,806	54,994	-	-	-	-	-	-
J. Bedewi	5/05/2017	1/09/2018	8,547	53,376	-	-	-	-	-	-
J. Bedewi	5/05/2017	1/09/2019	8,547	53,376	-	-	-	-	-	-

As set out in the table above, Aram Mirkazemi was allocated performance rights in respect of FY15, FY16 and FY17 under the Altium Performance Rights Plan, subject to certain performance hurdles being met. The Board confirms that the relevant performance hurdles for the vesting of the relevant tranches of performance rights have been met. Under the terms of the Plan, the Board has the discretion to settle vested performance rights by the payment of a cash amount equal to the closing market price of Altium shares. The Board has determined to settle the aggregate 131,138 performance rights (FY15: 42,575, FY16: 64,103, FY17: 24,460) by way of a cash payment to Aram Mirkazemi, based on the closing price of Altium shares as at 28 August 2017 times the 131,138 performance rights.

Details of performance rights over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Grant date	Vesting date	Value of rights at start of year US\$	Value of rights granted US\$	Value of rights vested US\$	Value of rights lapsed US\$	Value of rights forfeited US\$	Value of rights at the end of year US\$
A. Mirkazemi	26/08/2014	31/08/2016	93,366	-	93,366	-	-	-
A. Mirkazemi	26/08/2014	31/08/2017	93,366	-	-	-	-	93,366
A. Mirkazemi	16/02/2016	31/08/2016	217,339	-	217,339	-	-	-
A. Mirkazemi	16/02/2016	31/08/2017	217,342	-	-	-	-	217,342
A. Mirkazemi	16/02/2016	31/08/2018	217,342	-	-	-	-	217,342
A. Mirkazemi	18/11/2016	1/09/2017	-	156,124	-	-	-	156,124
A. Mirkazemi	18/11/2016	1/09/2018	-	151,533	-	-	-	151,533
A. Mirkazemi	18/11/2016	1/09/2019	-	151,533	-	-	-	151,533
H. Potts	16/02/2016	31/08/2016	142,070	-	142,070	-	-	-

Name	Grant date	Vesting date	Value of rights at start of year US\$	Value of rights granted US\$	Value of rights vested US\$	Value of rights lapsed US\$	Value of rights forfeited US\$	Value of rights at the end of year US\$
H. Potts	16/02/2016	31/08/2017	137,892	-	-	-	-	137,892
H. Potts	16/02/2016	31/08/2018	137,892	-	-	-	-	137,892
H. Potts	5/05/2017	1/09/2017	-	64,923	-	-	-	64,923
H. Potts	5/05/2017	1/09/2018	-	63,013	-	-	-	63,013
H. Potts	5/05/2017	1/09/2019	-	63,013	-	-	-	63,013
J. Bedewi	5/05/2017	1/09/2017	-	54,994	-	-	-	54,994
J. Bedewi	5/05/2017	1/09/2018	-	53,376	-	-	-	53,376
J. Bedewi	5/05/2017	1/09/2019	-	53,376	-	-	-	53,376

The shares are subject to performance and service conditions. Refer below and to note 34 of the financial report.

Retention rights

The terms and conditions of each grant of retention rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Grant date	Vesting date	Number of rights granted	Value of rights granted US\$	Number of rights vested	Value of rights vested US\$	Number of rights lapsed	Value of rights lapsed US\$	Number of rights forfeited	Number of rights forfeited US\$
H. Potts	16/09/2016	16/09/2016	100,000	685,619	100,000	685,619	-	-	-	-
J. Bedewi	28/09/2016	31/08/2017	40,000	283,487	-	-	-	-	-	-

The number of retention rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Grant date	Vesting date	Value of rights at the start of the year US\$	Value of rights granted US\$	Value of rights vested US\$	Value of rights lapsed US\$	Value of rights forfeited US\$	Value of rights at the end of the year US\$
H. Potts	16/09/2016	16/09/2016	-	685,619	685,619	-	-	-
J. Bedewi	28/09/2016	31/08/2017	-	283,487	-	-	-	283,487

The shares are subject to service conditions. Refer to note 34 of the financial report.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/other	Balance at the end of the year
Samuel Weiss	1,880,207	-	55,000	-	1,935,207
Dr David Warren	1,306,144	-	-	(300,000)	1,006,144
Aram Mirkazemi	9,706,865	277,457	-	-	9,984,322
Henry Potts	-	134,801	-	(134,801)	-
	12,893,216	412,258	55,000	(434,801)	12,925,673

This concludes the remuneration report, which has been audited.

Loans to directors and executives

There are no loans to Directors and executives for the years ended 30 June 2017 and 30 June 2016.

Indemnity and insurance of officers

During the year the group paid a premium of US\$137,191 (2016: US\$67,819) 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.

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the company with leave of the court under Section 237 of the Corporations Act 2001.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Officers of the company who are former partners of PricewaterhouseCoopers

There are no officers of the company who are former partners of PricewaterhouseCoopers.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 immediately after this directors' report.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Aram Mirkazemi
Director and Chief Executive Officer



Sam Weiss
Non-Executive Chairman

28 August 2017
Sydney



Auditor's Independence Declaration

As lead auditor for the audit of Altium Limited for the year ended 30 June 2017, 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.

A handwritten signature in black ink, appearing to read 'Eliza Penny'.

Eliza Penny
Partner
PricewaterhouseCoopers

Sydney
28 August 2017

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General information

The financial report covers Altium Limited as a consolidated entity consisting of Altium Limited and the entities it controlled. The financial report is presented in US dollars, which is Altium Limited's functional and presentation currency.

Altium Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 6.03, Level 6
Tower B, The Zenith
821 Pacific Highway
Chatswood NSW 2067
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2017. The directors have the power to amend and reissue the financial statements.

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

Consolidated statement of profit or loss and other comprehensive income For the year ended 30 June 2017

		Consolidated	
	Note	2017 US\$'000	2016 US\$'000
Revenue	3	110,957	93,699
Expenses			
Employee benefits expense		(52,343)	(45,244)
Marketing expense		(3,096)	(2,532)
Rental and occupancy expense	4	(3,822)	(3,773)
Travel expense		(4,153)	(3,106)
Professional advice expense	4	(2,647)	(3,298)
Depreciation and amortisation expense	9	(3,785)	(2,741)
Share based payments	34	(2,132)	(1,365)
Software and equipment expense		(2,565)	(1,762)
Communication expense		(1,094)	(945)
Restructuring costs	4	(1,952)	-
Net foreign exchange gain		(30)	83
Finance costs	4	(89)	(180)
Other expenses	4	(3,777)	(4,226)
Profit before income tax expense		29,472	24,610
Income tax expense	5	(1,395)	(1,590)
Profit after income tax expense for the year attributable to the owners of Altium Limited	22	28,077	23,020
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(251)	(278)
Other comprehensive income for the year, net of tax		(251)	(278)
Total comprehensive income for the year attributable to the owners of Altium Limited		27,826	22,742

		Cents	Cents
Basic earnings per share	33	21.70	17.89
Diluted earnings per share	33	21.70	17.89

The above statement of consolidated profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

		Consolidated	
	Note	2017 US\$'000	2016 US\$'000
Assets			
Current assets			
Cash and cash equivalents	6	44,273	38,139
Trade and other receivables	7	32,631	29,840
Tax receivables		41	566
Other assets		2,861	1,548
Total current assets		79,806	70,093
Non-current assets			
Trade and other receivables	8	2,531	5,379
Property, plant and equipment	9	7,317	5,091
Intangible assets	10	38,196	33,508
Deferred tax assets	11	82,946	82,301
Total non-current assets		130,990	126,279
Total assets		210,796	196,372
Liabilities			
Current liabilities			
Trade and other payables	12	10,179	7,188
Tax liabilities	13	1,008	2,713
Provisions	14	7,600	3,568
Deferred revenue	16	38,436	32,234
Total current liabilities		57,223	45,703
Non-current liabilities			
Deferred tax liability	18	5,276	4,793
Provisions	15	703	4,230
Deferred revenue	17	6,958	9,038
Other liabilities	19	674	1,813
Total non-current liabilities		13,611	19,874
Total liabilities		70,834	65,577
Net Assets		139,962	130,795
Equity			
Contributed equity	20	125,177	125,177
Reserves	21	12,275	10,394
Retained profits/(accumulated losses)	22	2,510	(4,776)
Total equity		139,962	130,795

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2017

Consolidated	Contributed equity US\$'000	Reserves US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance at 1 July 2015	122,460	9,307	(10,165)	121,602
Profit after income tax expense for the year	-	-	23,020	23,020
Other comprehensive income for the year, net of tax	-	(278)	-	(278)
Total comprehensive income for the year	-	(278)	23,020	22,742

Transactions with owners in their capacity as owners:

Share-based payments (note 34)	-	1,365	-	1,365
Shares issued on acquisition of Octopart, net of transaction costs	2,717	-	-	2,717
Dividends paid (note 23)	-	-	(17,631)	(17,631)
Balance at 30 June 2016	125,177	10,394	(4,776)	130,795

Consolidated	Contributed equity US\$'000	Reserves US\$'000	Accumulated losses/ Retained profit US\$'000	Total equity US\$'000
Balance at 1 July 2016	125,177	10,394	(4,776)	130,795
Profit after income tax expense for the year	-	-	28,077	28,077
Other comprehensive income for the year, net of tax	-	(251)	-	(251)
Total comprehensive income for the year	-	(251)	28,077	27,826

Transactions with owners in their capacity as owners:

Share-based payments (note 34)	-	2,132	-	2,132
Dividends paid (note 23)	-	-	(20,791)	(20,791)
Balance at 30 June 2017	125,177	12,275	2,510	139,962

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

Consolidated statement of cash flows

For the year ended 30 June 2017

		Consolidated	
	Note	2017 US\$'000	2016 US\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		116,436	92,121
Payments to suppliers and employees (inclusive of GST)		(77,635)	(71,461)
Payment for expenses relating to acquisitions		(145)	(1,143)
		38,656	19,517
Interest received		92	102
Interest and other finance costs paid		(87)	(154)
Net income taxes paid		(2,800)	(5,383)
Net cash from operating activities	32	35,861	14,082
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	30	(4,183)	(17,039)
Payments for property, plant and equipment	9	(4,343)	(2,720)
Payments for intangible assets	10	(515)	(250)
Net cash used in investing activities		(9,041)	(20,009)
Cash flows from financing activities			
Dividends paid	23	(20,791)	(17,631)
Repayment of borrowings		(51)	(43)
Net cash used in financing activities		(20,842)	17,674
Net (decrease)/increase in cash and cash equivalents		5,978	(23,601)
Cash and cash equivalents at the beginning of the financial year		38,139	61,906
Effects of exchange rate changes on cash and cash equivalents		156	(166)
Cash and cash equivalents at the end of the financial year	6	44,273	38,139

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

AASB 15 Revenue from contracts with customers: The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. When adopted, the standard will affect the group's accounting for its revenue contracts such as bundled revenue and licences. The detailed assessment performed to date does not indicate that there will be a material impact on the groups revenue when the standard is adopted. The date of adoption by the group will be 1 July 2018.

AASB 9 Financial Instruments: addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. The date of adoption by the group will be 1 July 2018.

AASB 16 Leases: will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next twelve months.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Altium Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the Altium Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Comparative information

Comparative information is reclassified where appropriate to enhance comparability.

Functional currency

Altium Limited has selected US dollars as its functional and presentation currency.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Altium Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Altium Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Employee Share Trust

The group has formed a trust to administer the group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the group.

Shares held by the Altium Employee Share and Option Plan Trust are disclosed as treasury shares and deducted from contributed equity.

Foreign currency translation**Foreign currency transactions**

Foreign currency transactions are translated into 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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into US dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into US dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold a proportionate share of such exchange difference is reclassified to profit and loss, as part of the gain or loss on sale where applicable.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Operating segments**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 financial performance of the business based on product types and the overall economic characteristics of industries in which the company operates and, as such, have identified three operating segments:

- Board and Systems;
- Micro-controllers and Embedded Systems; and
- Makers and Content.

The Board and Systems segment includes results from PCB business for the Americas, EMEA, Asia Pacific and Emerging Markets regions as well as other products sold through partner channels. The Emerging Markets region includes results from PCB business for the China, Russia and India regions.

The Micro-controller and Embedded Systems segment includes results from TASKING sales, operations and research and development.

The Makers and Content segment includes the results from Octopart.

The Board and Executive Team continue to consider the financial position of the business from a geographical perspective and as such the assets and liabilities of the group are presented by geographical region for both year ended 30 June 2017 and the comparative period.

Segment sales represent invoiced sales. These are subsequently adjusted for the deferred component which is recognised over the service period to arrive at revenue. Revenue is management's key metric in understanding the results by segment. Revenue from segments comprise software and hardware sales, subscriptions services, training services, project services and search advertising revenue as well as interest income received.

Types of products and services

Revenue from segments comprise;

- Software licenses
- Subscription and maintenance revenue
- Services including training and project revenue
- Search advertising
- Hardware

The chief operating decision maker assesses the performance of individual segments on the basis of earnings before interest expense, tax expense, depreciation and amortisation (EBITDA).

Intersegment transactions

Transactions between segments are excluded from the segment information and do not form part of the reports used by the Board and executive team.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

Consolidated statement of financial performance 30 June 2017	Boards and Systems US\$'000	Micro-controllers and Embedded Systems US\$'000	Makers and Content US\$'000	Other Segments US\$'000	Total US\$'000
Revenue					
Segment sales	94,288	11,467	7,688	-	113,443
Net adjustment for deferred revenue recognition	(2,933)	301	-	-	(2,632)
Other revenue	41	-	13	-	54
Interest Income	-	-	-	92	92
Total revenue	91,396	11,768	7,701	92	110,957
EBITDA	61,707	5,744	4,009	(38,206)	33,254
Depreciation and amortisation					(3,785)
Net interest					3
Profit before income tax expense					29,472
Income tax expense					(1,395)
Profit after income tax expense					28,077

Consolidated statement of financial performance 30 June 2016	Boards and Systems US\$'000	Micro-controllers and Embedded Systems US\$'000	Makers and Content US\$'000	Other Segments US\$'000	Total US\$'000
Revenue					
Segment sales	83,620	12,274	4,467	-	100,361
Net adjustment for deferred revenue recognition	(4,539)	(2,352)	-	-	(6,890)
Other revenue	126	-	-	-	126
Interest Income	-	-	-	102	102
Total revenue	79,208	9,922	4,467	102	93,699
EBITDA	51,202	4,234	1,579	(29,586)	27,429
Depreciation and amortisation					(2,741)
Net interest					(78)
Profit before income tax expense					24,610
Income tax expense					(1,590)
Profit after income tax expense					23,020

30 June 2017	Americas US\$'000	EMEA US\$'000	Emerging Markets* US\$'000	Asia Pacific US\$'000	Other Segments US\$'000	Total US\$'000
Revenue	52,905	37,708	12,045	8,153	146	110,957

Consolidated statement of financial position

Assets

Segment assets	21,323	17,326	5,668	3,205	80,287	127,809
<i>Unallocated assets:</i>						
Deferred tax asset						82,946
Income tax receivables						41
Total assets						210,796

Liabilities

Segment liabilities	24,545	21,464	986	2,005	15,531	64,531
<i>Unallocated liabilities:</i>						
Provision for income tax						1,008
Deferred tax liability						5,276
Borrowings						19
Total liabilities						70,834

30 June 2016	Americas US\$'000	EMEA US\$'000	Emerging Markets* US\$'000	Asia Pacific US\$'000	Other Segments US\$'000	Total US\$'000
Revenue	44,606	30,161	12,649	6,181	102	93,699

Consolidated statement of financial position

Assets

Segment assets	20,503	18,135	5,763	1,719	67,385	113,505
<i>Unallocated assets:</i>						
Deferred tax asset						82,301
Income tax receivables						566
Total assets						196,372

Liabilities

Segment liabilities	28,513	18,046	2,231	1,569	7,641	58,000
<i>Unallocated liabilities:</i>						
Provision for income tax						2,713
Deferred tax liability						4,793
Borrowings						71
Total liabilities						65,577

* The Emerging Markets region includes results from China, Russia and India regions.

Comparatives have been restated to match current year presentation.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 3. Revenue

	Consolidated	
	2017 US\$'000	2016 US\$'000
Sales revenue		
Software license revenue	52,826	44,551
Subscription and maintenance revenue	46,260	40,110
Search advertising revenue	7,688	4,467
Service revenue	4,037	4,319
Hardware revenue	-	24
	110,811	93,471
Other revenue		
Interest income	92	102
Other revenue	54	126
	146	228
Revenue	110,957	93,699

Accounting policy for 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 consolidated entity recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the consolidated entity, and specific criteria have been met for each of the consolidated entity's activities as described below.

Software

Revenue is recognised when software has been dispatched to a customer pursuant to a sales order and the associated risks have passed to the customer.

Subscriptions

Revenue is deferred and is subsequently recognised as revenue over the period in which the subscription service is provided.

Training services

Revenue is recognised at the time the service is provided.

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.

Search advertising revenue

Revenue is recognised on a price-per-click basis, this is when a user engages with the search result on the website by clicking on it.

Multiple element contracts

In multiple element arrangements 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.

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 the assets net carrying amount.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Hardware

Revenue is recognised when hardware has been delivered to a customer pursuant to a sales order and the associated risks have passed to the customer.

Critical accounting judgements, estimates and assumptions.

Revenue is recognised for multiple element contracts by attributing a fair value to each element of the contract and then recognising revenue according to the accounting policy. Fair values are based on sales information for the discrete elements.

Note 4. Expenses

Profit before income tax includes the following specific expenses:

	Consolidated	
	2017 US\$'000	2016 US\$'000
<i>Included in professional advice expense</i>		
Costs associated with acquisitions	145	1,143
Cost associated with relocation of Altium's Intellectual Property assets	-	389
Total included in professional advice expense	145	1,532
<i>Restructuring costs</i>		
Costs associated with moving to a direct sales model in EMEA	1,413	-
Costs associated with the re-organisation of Tasking product development	539	-
Total restructuring costs	1,952	-
<i>Finance costs</i>		
Interest and finance charges paid/payable	87	35
Unwinding of the discount on provisions	2	145
Finance costs expensed	89	180
<i>Rental expense relating to operating leases</i>		
Office rent	3,365	3,318
Equipment	43	53
Motor vehicle	83	73
Reassessment of onerous lease provision	-	(1,672)
Lease surrender	-	1,475
Total rental expense relating to operating leases	3,491	3,247
<i>Post-employment benefits</i>		
Post-employment benefits: defined contribution	1,483	1,329

	2017 US\$'000	2016 US\$'000
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Other expenses

Change in provision from re-measurement of contingent consideration	433	-
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Research and development costs expensed

Research and development costs incurred	16,596	12,766
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Operating lease costs

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Research and development costs

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

Note 5. Income tax expense

	Consolidated	
	2017 US\$'000	2016 US\$'000

Income tax expense

Current tax	3,767	2,464
Deferred tax	(1,199)	(686)
Adjustment recognised for prior periods	(1,173)	(188)
Aggregate income tax expense	1,395	1,590

Deferred tax included in income tax expense comprises:

Increase in deferred tax assets (note 11)	(649)	(686)
Decrease in deferred tax liabilities (note 18)	(550)	-
Deferred tax	(1,199)	(686)

	2017 US\$'000	2016 US\$'000
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Numerical reconciliation of income tax expense and tax at the statutory rate

Profit before income tax expense	29,472	24,610
Tax at the statutory tax rate of 30%	8,842	7,383

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

Share-based payments	640	410
Non assessable interest income	(3,240)	(3,240)
Other items	156	429
	6,398	4,982

	2017 US\$'000	2016 US\$'000
Adjustment recognised for prior periods	(1,173)	(188)
Difference in overseas tax rates	1,851	1,897
Temporary differences not recognised now recognised	(6,689)	(5,932)
Withholding tax	1,239	1,080
Other	(231)	(249)
Income tax expense	1,395	1,590

A temporary difference arose as a result of the relocation of Altium's core business to the USA. The relocation of the business to the USA resulted in a change in the tax base of core business assets, leading to temporary differences and potential gross tax assets of US\$323.6 million (2016: US\$348.5 million) of which US\$198.3 million (2016: US\$196.6 million) has been recognised as a deferred tax asset.

No deferred tax asset has been recognised in respect of the remaining temporary differences of US\$125.2 million (2016: US\$151.9 million) due to the unpredictability of future taxable profits.

At 30 June 2017, Altium has gross unused tax losses of US\$24.9 million (2016: US\$14.7 million) available for offset against future profits for which no deferred tax asset has been recognised.

The unrecorded potential tax assets will be reassessed for probable utilisation at each balance sheet date.

Critical accounting judgements, estimates and assumptions

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Accounting policy for Income tax

The income tax expense or revenue for the period is 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 asset and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company 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 only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax Consolidation

During the year, Altium Limited and its wholly-owned Australian controlled entities formed a tax consolidated group. As a consequence, these entities are taxed as a single entity and any deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Under tax consolidation, the head entity, Altium Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts using the "separate taxpayer within a group" method. Individual entities adjust for transactions and events impacted by tax consolidation.

In addition to its own transactions, Altium Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have entered into a tax funding agreement under which there is full compensation for Altium Limited assuming these tax assets/obligations.

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2017 US\$'000	2016 US\$'000
Cash at bank	25,154	37,098
Deposit at call	19,119	1,041
	44,273	38,139

The value of bank guarantees at 30 June 2017 amounted to US\$359,324 (2016:US\$280,931).

Accounting policy for cash and cash equivalents

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

Note 7. Current assets - trade and other receivables

	Consolidated	
	2017 US\$'000	2016 US\$'000
Trade receivables	32,135	29,749
Less: Provision for impairment	(143)	(97)
	31,992	29,652
Other receivables	639	188
	32,631	29,840

Impairment of receivables

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2017 US\$'000	2016 US\$'000
0 to 3 months overdue	4	9
3 to 6 months overdue	40	35
Over 6 months overdue	99	53
	143	97

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Opening balance	97	60
Additional provisions recognised	103	73
Translation differences	(1)	(1)
Receivables written off during the year as uncollectable	(56)	(35)
Closing balance	143	97

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to US\$5,305,000 as at 30 June 2017 (US\$4,038,000 as at 30 June 2016).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2017 US\$'000	2016 US\$'000
0 to 1 month overdue	3,815	2,226
1 to 2 months overdue	432	1,003
Over 2 months overdue	1,058	809
	5,305	4,038

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables generally have 30 to 90 day terms.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance 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.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 8. Non-current assets - trade and other receivables

	Consolidated	
	2017 US\$'000	2016 US\$'000
Trade receivables	1,876	4,659
Other receivables	655	720
	2,531	5,379

Note 9. Non-current assets - property, plant and equipment

	Consolidated	
	2017 US\$'000	2016 US\$'000
Leasehold improvements - at cost	4,070	3,227
Less: Accumulated depreciation	(1,516)	(770)
	2,554	2,457
Plant and equipment - at cost	7,021	4,140
Less: Accumulated depreciation	(2,276)	(1,582)
	4,745	2,558
Plant and equipment under lease	50	170
Less: Accumulated depreciation	(32)	(94)
	18	76
	7,317	5,091

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements US\$'000	Plant & equipment US\$'000	Leased plant & equipment US\$'000	Total US\$'000
Balance at 1 July 2015	1,897	1,885	104	3,886
Additions	1,289	1,775	23	3,087
Additions through business combinations (note 30)	-	37	-	37
Exchange differences	(18)	(41)	(1)	(60)
Depreciation expense	(710)	(1,099)	(50)	(1,859)
Balance at 30 June 2016	2,458	2,557	76	5,091

Consolidated	Leasehold improvements US\$'000	Plant & equipment US\$'000	Leased plant & equipment US\$'000	Total US\$'000
Additions	869	3,441	6	4,316
Additions through business combinations (note 30)	16	25	-	41
Exchange differences	1	41	1	43
Depreciation expense	(790)	(1,319)	(65)	(2,174)
Balance at 30 June 2017	2,554	4,745	18	7,317

Property, plant and equipment secured under finance leases

Refer to note 26 for further information on property, plant and equipment secured under finance leases.

Accounting policy for property, 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	3-7 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date or when there is an indication that they have changed.

A carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

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

Note 10. Non-current assets - intangible assets

	Consolidated	
	2017 US\$'000	2016 US\$'000
Goodwill - at cost	19,612	17,280
Intellectual property - at cost	3,979	3,962
Less: Accumulated amortisation	(680)	(286)
	3,299	3,676
Customer relationships - at cost	16,333	12,898
Less: Accumulated amortisation	(1,775)	(596)
	14,558	12,302
Software intangibles - at cost	765	250
Less: Accumulated amortisation	(38)	-
	727	250
	38,196	33,508

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill US\$'000	Intellectual property US\$'000	Customer relationships US\$'000	Software intangibles US\$'000	Total US\$'000
Balance at 1 July 2015	-	-	-	-	-
Additions	-	-	-	250	250
Additions through business combinations (note 30)	17,280	3,981	12,898	-	34,159
Amortisation expense	-	(286)	(596)	-	(882)
Exchange differences	-	(19)	-	-	(19)
Balance at 30 June 2016	17,280	3,676	12,302	250	33,508
Additions	-	-	-	515	515
Additions through business combinations (note 30)	2,332	-	3,435	-	5,767
Exchange differences	-	17	-	-	17
Amortisation expense	-	(394)	(1,179)	(38)	(1,611)
Balance at 30 June 2017	19,612	3,299	14,558	727	38,196

Impairment tests for goodwill

Goodwill is allocated to the Company's cash generating units (CGUs) identified according to each reportable segment for impairment testing purposes. Altium undertakes an impairment review process annually to ensure that goodwill balances are not carried at amounts that are in excess of their recoverable amounts. This review may be undertaken more frequently if events or changes indicate that goodwill may be impaired.

A segment-level summary of the goodwill allocation is presented below.

	Consolidated	
	2017 US\$'000	2016 US\$'000
Goodwill		
Board & Systems - Americas	4,159	4,159
Board & Systems - EMEA	5,384	3,052
Makers and Content	10,069	10,069
Total	19,612	17,280

The recoverable amount of the group's intangible assets has been assessed based on value-in-use calculations. The value in use is calculated using a discounted cash flow methodology covering a four year period plus terminal value.

Cash flow forecasts

Cash flow forecasts are post-tax and based on the most recent financial projections covering a maximum of five years. Financial projections are based on assumptions that represent management's best estimates.

Revenue growth rates

Revenue growth rates used are based on management's latest five-year plan. Five-year growth rates ranged between 7.9% to 11.6% for these CGUs (Board & Systems - Americas 9.5%, Board & Systems - EMEA 11.6% and Makers and Content 7.9%). Sensitivity testing was performed on these CGUs and a reasonably possible decline in these rates would not cause the carrying value of any of these CGUs to exceed its recoverable amount.

Terminal value

The terminal value calculated after year four is determined using the stable growth model, having regard to the weighted average cost of capital (WACC) and terminal growth factor appropriate to each CGU. Average terminal growth rates used in the financial projections was 2.4%.

Discount rates

Discount rates used are WACC and include a premium for market risks appropriate to each country in which the CGU operates. WACCs averaged 11.0% (Board & Systems - Americas 11.0%, Board & Systems - EMEA 15.0% and Makers and Content 11.0%).

Sensitivity

Any reasonable change to the above key assumptions would not cause the carrying value of any of the remaining CGU's to materially exceed its recoverable amount.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 to 15 years.

Critical accounting judgements, estimates and assumptions

Intangibles

On the acquisition of Transfer B.V. and Premier EDA Solutions Limited (2016: CIIVA GmbH, Octopart Inc and Perception Software Inc), the identifiable intangible assets include intellectual property and customer relationships. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

Useful life for intangibles

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of intangible assets is as follows:

Intellectual property

The useful life is determined by management at the time the intellectual property is acquired and brought into use and is regularly reviewed for appropriateness. For intellectual property, the useful life represents management's view of the expected term over which the Group will receive benefits from the intellectual property. The life is based on historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. Historically changes in useful lives have not resulted in material changes to the Group's amortisation charge.

Customer Relationships

The estimated useful life principally reflects management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge. Historically changes to the estimated useful lives have not had a significant impact on the Group's results and financial position.

Note 11. Non-current assets - deferred tax assets

	Consolidated	
	2017 US\$'000	2016 US\$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	559	993
Property, plant and equipment	233	207
Employee benefits	245	221
Deferred rent	245	-
Assets transferred to the US	79,011	78,334
Revenue received in advance	1,778	916
Foreign tax credits	-	168
Provisions	285	381
Lease surrender	-	326
Foreign currency translation	422	503
	82,778	82,049
Amounts recognised in equity:		
Transaction costs on share issue	168	252
Deferred tax asset	82,946	82,301

	2017 US\$'000	2016 US\$'000
Amount expected to be recovered within 12 months	18,992	18,681
Amount expected to be recovered after more than 12 months	63,954	63,620
	82,946	82,301

Movements:

Opening balance	82,301	81,622
Credited to profit or loss (note 5)	649	686
Translation differences	(4)	(7)
Closing balance	82,946	82,301

Critical accounting judgements, estimates and assumptions

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Calculation of future taxable amounts involve the use of assumptions and management judgements.

During the prior year, the Company transferred its executive level management and core business assets to the United States of America to be closer to Altium's core customer base. The relocation of the business to the USA resulted in a change in the tax base of core business assets, leading to the recognition of a deferred tax asset.

A deferred tax asset can only be recorded for the portion of a potential benefit where utilisation is considered probable. The assessment of future taxable amounts involves the use of assumptions and management judgments. A portion of the potential deferred tax asset has not been recognised due to the inherent uncertainty of forecasts as they project further in to the future. The Company has recorded a deferred tax asset of \$79 million in the current year. The remainder of the unrecorded potential asset will be reassessed for probable utilisation each year.

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2017 US\$'000	2016 US\$'000
Trade payables	3,203	757
Deferred consideration	1,000	1,000
Other payables	5,976	5,431
	10,179	7,188

Refer to note 24 for further information on financial risk management.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Deferred consideration

The payable represents the obligation to pay consideration following the acquisition of a business or assets and is deferred based on passage of time. It is measured at the present value of the estimated liability.

Note 13. Current liabilities - tax liabilities

	Consolidated	
	2017 US\$'000	2016 US\$'000
Provision for income tax	1,008	2,713

Note 14. Current liabilities - provisions

	Consolidated	
	2017 US\$'000	2016 US\$'000
Employee benefits	1,451	1,254
Contingent consideration	6,149	2,314
	7,600	3,568

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2017	Contingent consideration US\$'000
Carrying amount at the start of the year	2,314
Additions through business combinations (note 30)	1,805
Amounts transferred from non-current (note 23)	3,899
Payments	(2,580)
Change in provision from re-measurement of contingent consideration	696
Translation differences	15
Carrying amount at the end of the year	6,149

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Long service leave obligation expected to be settled after 12 months	27	17

Accounting policy for provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

The provision for onerous lease contracts represents the present value of the estimated costs, net of any sub-lease revenue, that will be incurred until the end of the lease terms. The provision is recognised when the unavoidable costs of meeting the contract obligation are expected to exceed the economic benefit to be received.

Accounting policy for employee benefits***Short-term employee benefits***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Accounting policy for contingent consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

Critical accounting judgements, estimates and assumptions***Contingent consideration***

The provision represents the obligation to pay a contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability. The consideration is contingent on the performance of the business during the defined earnout period. The performance of the business in future earn out periods is based on management's forecasts.

Note 15. Non-current liabilities - provisions

	Consolidated	
	2017 US\$'000	2016 US\$'000
Employee benefits	98	84
Contingent consideration	535	4,077
Lease make good	70	69
	703	4,230

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Contingent consideration US\$'000	Lease make good US\$'000
Consolidated 2017		
Carrying amount at the start of the year	4,077	69
Additions through business combinations (note 30)	590	-
Amounts transferred to current (note 20)	(3,899)	-
Unwinding of discount	29	2
Translation differences	1	(1)
Change in provision from re-measurement	(263)	-
Carrying amount at the end of the year	535	70

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Accounting policy for contingent consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

Critical accounting judgements, estimates and assumptions

Contingent consideration

The provision represents the obligation to pay a contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability. The consideration is contingent on the performance of the business during the defined earn-out period. The performance of the business in future earn out periods is based on management's forecasts.

Note 16. Current liabilities - Deferred revenue

	Consolidated	
	2017 US\$'000	2016 US\$'000
Deferred subscription and maintenance revenue	35,231	28,916
Other deferred revenue	3,205	3,318
	38,436	32,234

Note 17. Non-current liabilities - Deferred revenue

	Consolidated	
	2017 US\$'000	2016 US\$'000
Deferred subscription and maintenance revenue	6,958	9,038

Note 18. Non-current liabilities - deferred tax liability

	Consolidated	
	2017 US\$'000	2016 US\$'000

Deferred tax liability comprises temporary differences attributable to:

Amounts recognised in profit or loss:

Property, plant and equipment	12	-
Intangible assets	5,109	4,659
Undistributed reserves	155	134
Deferred tax liability	5,276	4,793
Amount expected to be settled within 12 months	6	-
Amount expected to be settled after more than 12 months	5,270	4,793
	5,276	4,793

Movements:

Opening balance	4,793	-
Credited to profit or loss (note 5)	(550)	-
Additions through business combinations (note 30)	1,033	4,659
Additions through undistributed funds	-	134
Closing balance	5,276	4,793

Note 19. Non-current liabilities - other liabilities

	Consolidated	
	2017 US\$'000	2016 US\$'000
Deferred consideration	-	946
Other payables	647	867
	647	1,813

Deferred consideration

Represents the obligation to pay consideration following the acquisition of a business or assets and is deferred based on passage of time. It is measured at the present value of the estimated liability.

Other payables

Represents lease incentives in relation to operating leases. The benefit is deferred and recognised as a reduction of the rental expense on a straight-line basis over the lease term.

Note 20. Equity - Contributed equity

	Consolidated			
	2017 Shares	2016 Shares	2017 US\$'000	2016 US\$'000
Ordinary shares - fully paid	130,215,813	130,215,813	125,177	125,177

Movements in ordinary share capital

Details	Date	Shares	Issue price AU\$	US\$'000
Balance	1 July 2015	129,272,762		122,460
Share placement	September 2015	943,051	\$2.89	2,745
Transaction costs	September 2015	-	\$0.00	[8]
Balance	30 June 2016	130,215,813		125,177
Balance	30 June 2017	130,215,813		125,177

Movements in treasury shares

Details	Date	Shares
Balance	1 July 2015	2,578,500
Less: Shares transferred to employees		[1,337,493]
Balance	30 June 2016	1,241,007
Less: Shares transferred to employees		[587,645]
Balance	30 June 2017	653,362

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Accounting policy for issued capital

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.

Note 21. Equity - reserves

	Consolidated	
	2017 US\$'000	2016 US\$'000
Foreign currency reserve	1,004	1,254
Equity compensation reserve	11,271	9,140
	12,275	10,394

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to US dollars.

Equity compensation reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation US\$'000	Equity compensation US\$'000	Total US\$'000
Balance at 1 July 2015	1,532	7,775	9,307
Foreign currency translation	(278)	-	(278)
Share based payments	-	1,365	1,365
Balance at 30 June 2016	1,254	9,140	10,394
Foreign currency translation	(251)	-	(251)
Share based payments	-	2,132	2,132
Balance at 30 June 2017	1,003	11,272	12,275

Note 22. Equity - retained profits/(accumulated losses)

	Consolidated	
	2017 US\$'000	2016 US\$'000
Accumulated losses at the beginning of the financial year	(4,776)	(10,165)
Profit after income tax expense for the year	28,077	23,020
Dividends paid (note 23)	(20,791)	(17,631)
Retained profits/(accumulated losses) at the end of the financial year	2,510	(4,776)

Note 23. Equity - dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2017 US\$'000	2016 US\$'000
Final dividend for the year ended 30 June 2016 of AU 10 cents (2015: AU 8 cents)	9,830	7,644
Interim dividend for the half year ended 31 December 2016 of AU 11 cents (2015: AU 10 cents)	10,961	9,987
	20,791	17,631

The Directors have declared a final dividend of AU 12 cents per share for the year ended 30 June 2017. The dividend will be paid on 2 October 2017 based on a record date of 4 September 2017. This amounts to a total dividend of US\$12.3 million based on the total number of shares outstanding.

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 24. Financial risk management

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity'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 consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance'). Risk management includes identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a quarterly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Foreign currency revenues are partially hedged by foreign currency denominated expenses. The consolidated entity does not have additional hedges against this risk.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets		Liabilities	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Euros	2,109	5,214	(1,189)	(6,524)
Australian dollars	1,832	1,627	(50)	(67)
	3,941	6,841	(1,239)	(6,591)

The following tables summarise the sensitivity of financial instruments held at statement of financial position date by the consolidated entity 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:

Consolidated 2017	% change	US\$ strengthened Effect on profit after tax	Effect on equity	% change	US\$ weakened Effect on profit after tax	Effect on equity
AU\$	10%	121	121	-	(130)	(130)
EUR	10%	50	50	-	(82)	(82)
		171	171		(212)	(212)

Consolidated 2016	% change	US\$ strengthened Effect on profit after tax	Effect on equity	% change	US\$ weakened Effect on profit after tax	Effect on equity
AU\$	10%	99	99	10%	(121)	(121)
EUR	10%	(83)	(83)	10%	102	102
		16	16		(19)	(19)

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

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

As at the reporting date, the consolidated entity had the following variable rate borrowings outstanding:

	2017		2016	
	Weighted average interest rate %	Balance US\$'000	Weighted average interest rate %	Balance US\$'000
Consolidated				
Cash	0.33%	19,854	0.27%	26,165
Receivables	4.83%	9	5.20%	-
Financial lease liabilities	2.53%	(20)	7.31%	(71)
Net exposure to cash flow interest rate risk		19,843		26,094

The following tables summarise the sensitivity of the fair value of financial instruments held at statement of financial position date in the consolidated entity, 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:

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit after tax US\$'000	Effect on equity US\$'000	Basis points change	Effect on profit after tax US\$'000	Effect on equity US\$'000
Consolidated 2017						
Net exposure	100	139	139	(50)	(69)	(69)

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit after tax US\$'000	Effect on equity US\$'000	Basis points change	Effect on profit after tax US\$'000	Effect on equity US\$'000
Consolidated 2016						
Net exposure	100	183	183	(50)	(91)	(91)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity 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 ongoing customer performance is monitored on a regular basis. The consolidated entity has no significant concentrations of credit risk.

Cash transactions are limited to high credit quality financial institutions.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2017	Weighted average interest rate %	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	Remaining contractual maturities US\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	9,910	-	-	-	9,910
Deferred consideration		1,000	-	-	-	1,000
Contingent consideration		6,149	535	-	-	6,684
<i>Interest-bearing - variable</i>						
Lease liability	4.24%	8	12	-	-	20
Total non-derivatives		17,067	547	-	-	17,614

Consolidated - 2016	Weighted average interest rate %	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	Remaining contractual maturities US\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	8,067	-	-	-	8,067
Deferred consideration	-	1,000	946	-	-	1,946
Contingent consideration	-	2,314	4,077	-	-	6,394
<i>Interest-bearing - variable</i>						
Lease liability	7.31%	51	8	12	-	71
Total non-derivatives		11,432	5,031	12	-	16,475

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Key management personnel disclosures

Directors

The following persons were directors of Altium Limited during the financial year:

Samuel Weiss	Non-Executive Chairman
Aram Mirkazemi	Chief Executive Officer
Dr David Warren	Non-Executive Director
Raelene Murphy - appointed 21 September 2016	Non-Executive Director
Lynn Mickleburgh - appointed 1 March 2017	Non-Executive Director
Carl Rooke - retired 28 February 2017	Non-Executive Director

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Henry Potts	Chief Product and Operations Officer
Joseph Bedewi	Chief Financial Officer

Compensation

The aggregate compensation made to directors and other key management personnel of the consolidated entity is set out below;

	Consolidated	
	2017 US\$	2016 US\$
Short-term employee benefits	2,652,689	1,688,382
Post-employment benefits	33,910	21,547
Share-based payments	1,631,671	402,498
	4,318,270	2,112,427

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.

Remuneration of Director-related entities

Related entities of Directors employed by any company in the group are paid on normal commercial terms and conditions. No transactions occurred with related entities of Directors during the year ended 30 June 2017 (2016: Nil). Refer to note 34 for further details.

Note 26. Commitments

	Consolidated	
	2017 US\$'000	2016 US\$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,744	3,224
One to five years	5,361	6,043
More than five years	145	208
	9,250	9,475
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	9	54
One to five years	12	21
Total commitment	21	75
Less: Future finance charges	(1)	(4)
Net commitment recognised as liabilities	20	71

Several finance lease contracts have associated purchase options. Under the terms of the leases, the group can acquire the leased assets for an agreed fair value on the expiry of the leases. This option lapses in the event the group fails to maintain its credit rating at the level prevailing at inception of the lease.

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2017 US\$	2016 US\$
<i>Audit services - PricewaterhouseCoopers</i>		
Audit or review of the financial statements	310,587	368,367
<i>Other services - PricewaterhouseCoopers</i>		
Tax consulting and tax advice	-	384,981
	310,587	753,348
<i>Other services - network firms</i>		
Tax compliance services, including review of company income tax return	29,783	13,502
Tax consulting and tax advice	15,328	85,543
	45,111	99,045
<i>Audit services - unrelated firms</i>		
Audit or review of the financial statements	55,142	36,159

	2017 US\$	2016 US\$
<i>Other services - network firms</i>		
Tax compliance services, including review of company income tax return	394,626	172,291
Tax consulting and tax advice	262,593	181,686
	657,219	353,977
	712,361	390,136

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

Note 28. Related party transactions

Parent entity

Altium Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties

This is included in the Remuneration Report, consulting fees are included in cash salary and fees.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Altium Limited's interest in subsidiaries

		Effective Ownership interest	
Name	Principal place of business / Country of incorporation	2017 %	2016 %
Altium Inc	USA	100.00%	100.00%
Altium Europe GmbH	Germany	100.00%	100.00%
Altium Japan KK	Japan	100.00%	100.00%
Morfik Technologies Pty Ltd	Australia	100.00%	100.00%
Protel AG	Switzerland	100.00%	100.00%
Altium IP Hold Co Pty Ltd	Australia	100.00%	100.00%
Altium IP Co Pty Ltd	Australia	100.00%	100.00%
Altium LLC	USA	100.00%	100.00%
Tasking BV	Netherlands	100.00%	100.00%
Altium Netherlands BV	Netherlands	100.00%	100.00%
Altium BV (previously Transfer BV)	Netherlands	100.00%	100.00%
Altium Information Technology (Shanghai) Co. Ltd	China	100.00%	100.00%

Ciiva GmbH	Switzerland	100.00%	100.00%
Octopart Inc	USA	100.00%	100.00%
Perception Software Inc	USA	100.00%	100.00%
Altium Poland Sp.z.o.o	Poland	100.00%	100.00%
Altium Vietnam Company Limited	Vietnam	100.00%	100.00%
Altium UK Ltd (previously Premier EDA Solutions Ltd)	United Kingdom	100.00%	-
Altium Sweden AB	Sweden	100.00%	-

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	2017 US\$'000	2016 US\$'000
<i>Statement of profit or loss and other comprehensive income</i>		
Profit after income tax	12,106	12,951
Total comprehensive income	12,106	12,951

	Parent	
	2017 US\$'000	2016 US\$'000
<i>Statement of financial position</i>		
Total current assets	282,792	269,199
Total assets	317,908	300,749
Total current liabilities	58,199	29,796
Total liabilities	58,863	35,152
Equity		
Contributed equity	125,177	125,177
Foreign currency reserve	2,783	2,784
Equity compensation reserve	11,271	9,138
Retained profits/(accumulated losses)	119,814	128,498
Total equity	259,045	265,597

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Altium Limited has provided financial guarantees in respect of credit card facilities amounting to US\$359,324 (2016: US\$280,931).

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in the relevant notes to the financial statements.

Note 30. Business combinations

On 30 August 2016, the company acquired 100% of the issued shares in Transfer B.V., a reseller of Altium products for fair value consideration of EUR1.6m (US\$1.8m)

On 16 January 2017, the company acquired 100% of the issued shares in Premier EDA Solutions Limited, a reseller of Altium products for fair value consideration of GBP3.3m (US\$4.0m)

Details of the acquisitions are as follows:

	Fair value US\$'000
Cash and cash equivalents	2,817
Trade and other receivables	1,975
Plant and equipment	41
Deferred tax asset	33
Customer relationships	3,435
Trade and other payables	(1,040)
Provision for income tax	(311)
Deferred tax liability	(1,033)
Deferred revenue	(2,445)
Net assets acquired	3,472
Goodwill	2,332
Acquisition-date fair value of the total consideration transferred	5,804
Representing:	
Cash paid or payable to vendor	3,420
Contingent consideration	2,384
	5,804
Acquisition costs expensed to profit or loss	145

Transfer B.V.

The goodwill is attributable to Transfer B.V.'s direct relationship with Altium Designer end-users in Benelux region as well as synergies expected to arise after the company's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes.

Contingent consideration

The contingent consideration arrangement requires the company to pay the former owners of Transfer B.V. consideration up to a maximum total amount of EUR1,150,000 (US\$1,284,000) over three years following acquisition. The quantum of amounts payable under the agreement are based on achieving specific targets.

The fair value of the contingent consideration arrangement of EUR1,150,000 (US\$1,284,000) was estimated calculating the future expected cash flows.

Revenue and profit contribution

Transfer B.V. contributed gross revenues of EUR2,114,000 (US\$2,307,000) and net profit of EUR242,000 (US\$264,000) to the group for the period from 31 August 2016 to 30 June 2017.

Premier EDA Solutions Limited

The goodwill is attributable to Perception Software Inc's engineer design tools and project management application software after the company's acquisition of the new subsidiary. None of the goodwill is expected to be deducted for tax purposes.

Contingent consideration

The contingent consideration arrangement requires the company to pay the former owner of Premier EDA Solution Limited consideration up to a maximum total amount of GBP903,400 (US\$1,101,000) over two years following acquisition. The quantum of amounts payable under the agreement are based on achieving specific targets.

The fair value of the contingent consideration arrangement of GBP903,400 (US\$1,101,000) was estimated calculating the future expected cash flows.

Revenue and profit contribution

Premier EDA Solutions Limited contributed gross revenues of GBP1,879,000 (US\$2,371,000) and net profit of GBP65,000 (US\$71,000) to the group for the period from 16 January 2017 to 30 June 2017.

Critical accounting judgements, estimates and assumptions

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the income statement.

Note 31. Events after the reporting period

On 25 August 2017, Altium Limited acquired 100% of Upverter Inc, a privately-owned company based in Canada, which focuses on web-based electronic CAD solutions, for a total consideration of CAD7,000,000. Altium will issue, as a part of the Upverter acquisition, up to 415,000 fully paid ordinary shares that will rank equally with all existing fully paid ordinary shares as of the date of issue, subject to certain time and performance conditions. The shares to be issued will be a component of the purchase price, with an issue price of \$8.52. Shareholder approval will not be sought and the issue will not be to a class of shareholders.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 32. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2017 US\$'000	2016 US\$'000
Profit after income tax expense for the year	28,077	23,020
Adjustments for:		
Depreciation and amortisation	3,785	2,741
Share-based payments	2,132	1,365
Unrealised foreign exchange differences	258	190
Change in operating assets and liabilities:		
Increase in trade and other receivables	(685)	(10,797)
Decrease in inventories	-	152
Increase in deferred tax assets	(1,148)	(856)
Increase in income tax payable	(399)	(4,017)
Increase in deferred revenue	1,984	5,528
Decrease/(increase) in other operating assets	164	(846)
Increase/(decrease) in trade and other payables	2,103	(1,270)
Decrease in other provisions	(410)	(1,128)
Net cash from operating activities	35,861	14,082

Note 33. Earnings per share

	Consolidated	
	2017 US\$'000	2016 US\$'000
Profit after income tax attributable to the owners of Altium Limited	28,077	23,020
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	129,380,287	128,690,554
Weighted average number of ordinary shares used in calculating diluted earnings per share	129,380,287	128,690,554
	Cents	Cents
Basic earnings per share	21.70	17.89
Diluted earnings per share	21.70	17.89

For the years ending 30 June 2017 and 30 June 2016 treasury shares were included in the calculation of basic and diluted earnings per share.

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Altium Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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.

Note 34. Share-based payments

Share Plan

In August 2012, the board of directors approved the Key Employee Share Plan ("Share Plan"), which is part of the Altium Limited Employee Share and Option Plan Trust, with the purpose of encouraging ownership of Altium shares in key employees within the Altium Group. The Share Plan awards shares on a long-term basis as an incentive to encourage employees to focus on creating sustainable value and a sense of ownership and accountability to the group.

The Share Plan grants are based on employees contribution and commitment to the company over a period of several years plus the ability of the employees to impact and influence the outcome and direction of the organisation in the future. The shares under the Share Plan which are not yet vested will be accounted for as non-cash expense over the remainder of the vesting period.

During the period to 30 June 2017 the Directors of the company granted 140,000 shares to 2 employees of Altium Limited and its subsidiaries. The shares vest 16 September 2016 and 31 August 2017.

2017

Grant date	Expiry date	Fair value AU\$	Balance at the start of the year	Granted	Vested	Forfeited/ other	Balance at the end of the year
01/07/2014	30/06/2017	\$2.40	133,333	-	-	(33,333)	100,000
30/06/2015	01/07/2016	\$3.39	100,000	-	(100,000)	-	-
30/06/2015	01/07/2017	\$3.39	100,000	-	-	(50,000)	50,000
16/09/2016	16/09/2016	\$9.14	-	100,000	(100,000)	-	-
28/09/2016	31/08/2017	\$9.24	-	40,000	-	-	40,000
			333,333	140,000	(200,000)	(83,333)	190,000

2016

Grant date	Expiry date	Fair value AU\$	Balance at the start of the year	Granted	Vested	Forfeited/ other	Balance at the end of the year
31/12/2012	31/12/2015	\$1.28	30,000	-	(30,000)	-	-
01/07/2014	30/06/2016	\$2.40	133,334	-	(133,334)	-	-
01/07/2014	30/06/2017	\$2.40	133,333	-	-	-	133,333
30/06/2015	01/07/2015	\$3.39	100,000	-	(100,000)	-	-
30/06/2015	01/07/2016	\$3.39	100,000	-	-	-	100,000
30/06/2015	01/07/2017	\$3.39	100,000	-	-	-	100,000
			596,667	-	(263,334)	-	333,333

Performance Rights Plan

The Board of Directors approved the establishment of the Altium Performance Rights Plan on 26 August 2014. The Performance Rights Plan is issued to senior executives to establish long term incentive goals which link rewards for employees with the delivery of Altium's key performance drivers and the interests of Altium's shareholders.

The Performance Rights Plan was introduced specifically to incentivise the executive team to build financial strength through revenue growth and expanding margins. The Plan relates to three performance periods and consists of performance conditions. The Plan is assessed at the conclusion of each performance period with both performance conditions required to be achieved in order for the rights to become eligible to vest.

Each Performance Right is a contractual right which entitles the holder to be allocated one fully paid ordinary share in Altium at no cost upon the Performance Right becoming a Vested Performance Right in accordance with the Plan hurdles being met. Upon the performance conditions being satisfied the Performance Rights will vest in three approximately equal tranches following the end of the financial years

The plan for financial year ended 30 June 2017 relates to three performance periods being the 2017, 2018 and 2019 financial years and has a performance condition related to earnings per share (EPS) growth targets. These hurdles were based directly on the company's Strategic Plan.

The plan for financial year ended 30 June 2016 relates to three performance periods being the 2015, 2016 and 2017 financial years and has a performance condition related to earnings per share (EPS) growth targets. These hurdles were based directly on the company's Strategic Plan.

The plan for financial year ended 30 June 2015 relates to three performance periods being the 2015, 2016 and 2017 financial years and consists of two performance conditions; earnings per share (EPS) and an increase in the base of subscriber and maintenance customers. The Plan hurdles are based upon meeting specified earnings per share targets and increases in the base of subscriber and maintenance customers, as demonstrated through achieving a specified level of deferred revenue. These hurdles were based directly on the company's Strategic Plan.

2017

Grant date	Expiry date	Fair value AU\$	Balance at the start of the year	Granted	Vested	Forfeited	Balance at the end of the year
26/08/2014	31/08/2016	\$2.58	93,309	-	(93,309)	-	-
26/08/2014	31/08/2017	\$2.58	93,309	-	-	(17,385)	74,924
16/02/2016	31/08/2016	\$5.75	159,224	-	(159,224)	-	-
16/02/2016	31/08/2017	\$5.75	156,428	-	-	(7,881)	148,547
16/02/2016	31/08/2018	\$5.75	156,428	-	-	(7,881)	148,547
05/05/2017	01/09/2017	\$8.44	-	73,595	-	-	73,595
05/05/2017	01/09/2018	\$8.44	-	72,136	-	-	72,136
05/05/2017	01/09/2019	\$8.44	-	72,136	-	-	72,136
			658,698	217,867	(252,533)	(33,147)	590,885

2016

Grant date	Expiry date	Fair value AU\$	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
26/08/2014	31/08/2015	\$2.58	111,490	-	(111,490)	-	-
26/08/2014	31/08/2016	\$2.58	108,211	-	-	(14,902)	93,309
26/08/2014	31/08/2017	\$2.58	108,211	-	-	(14,902)	93,309
16/02/2016	31/08/2016	\$5.75	-	159,224	-	-	159,224
16/02/2016	31/08/2017	\$5.75	-	156,428	-	-	156,428
16/02/2016	31/08/2018	\$5.75	-	156,428	-	-	156,428
			327,912	472,080	(111,490)	(29,804)	658,698

Share Based Payment Expense

	Consolidated	
	2017 US\$'000	2016 US\$'000
Shares issued under the Share Plan	2,132	1,365

The Altium Share and Option Plan Trust is used to hold shares for share and option plans. As at 30 June 2017 the trust held 653,362 ordinary shares (2016:1,241,007).

Accounting policy for share-based payments

Under the employee share scheme, shares issued under the Altium Key Employee Share Plan Trust to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

The fair value of deferred shares granted to employees for nil consideration under the Performance Rights Plan is recognised as an expense over the relevant service period. The fair value of compensation is determined based on the actual market price of the company's share price at the dates of grant.

Non market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of rights that are 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 statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

In the directors' opinion:

- the financial statements and notes set out on pages 21 to 62 are in accordance with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Aram Mirkazemi
Director and Chief Executive Officer



Sam Weiss
Non-executive Chairman

28 August 2017
Sydney



Independent auditor's report

To the shareholders of Altium Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Altium Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 30 June 2017
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
- For the purpose of our audit we used overall Group materiality of \$1.48 million, which represents approximately 5% of the Group's profit before tax. - We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. - We chose Group profit before tax because, in our view, it is the metric against which the performance of the Group is most commonly measured. - We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable profit related thresholds.	- The Group operates across the Americas, Europe, the Middle East and Africa (EMEA), Asia Pacific and other emerging markets. The executive team is based in the US, with accounting processes performed in Sydney and a finance function in Shanghai that supports the Group's operations. - Acting under our instructions, a component audit team in Shanghai performed procedures on the financial information prepared by the finance function. Our supervision of the component team included active dialogue throughout the year and a visit to Shanghai to review their work and meet with local management. The team included specialists on information technology. The remaining audit procedures were performed by PwC Australia. - Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: - Recoverability of deferred tax assets - Carrying value of goodwill and other definite lived intangible assets - They are further described in the <i>Key audit matters</i> section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter

How our audit addressed the key audit matter

Recoverability of deferred tax assets

Refer to notes 5 and 11

The Group has recognised a deferred tax asset of \$82.9 million as at 30 June 2017. This includes a temporary difference of \$79.0 million which is the partial recognition of a total temporary difference of \$323.6 million (gross) as at 30 June 2017 which arose as a result of the relocation of the Group's core business to the USA during 2015.

Australian Accounting Standards require deferred tax assets to be recognised only to the extent that it is probable that sufficient taxable profits will be generated in the foreseeable future in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable on future taxable profits.

We considered this a key audit matter due to the quantum of the deferred tax asset and due to the significant judgement required to assess whether there will be sufficient future taxable profits to utilise the tax benefit.

We performed the following procedures:

- Assessed the Group's forecasted profits over the relevant utilisation period and evaluated whether the forecasts were consistent with the approved budget and if they were appropriately adjusted for differences between accounting and taxable profits.
- Compared the Group's forecasts of prior forecasted profits to historical results and evaluated key assumptions, in particular, the growth rate and profit margin.
- Performed sensitivity analysis using a range of alternative growth rate assumptions used in the forecast of future profits.
- Considered the Group's ability to claim the deduction for the tax losses in compliance with US tax laws that were enacted or substantially enacted as at 30 June 2017.
- Undertook testing of the mathematical accuracy of the forecast calculations.
- Reperformed calculations of the deferred tax asset balances.

Carrying value of goodwill and other definite lived intangible assets

Refer to note 10

The Group has goodwill and other definite lived intangibles of \$38.2m as at 30 June 2017. Australian Accounting standards require an annual impairment assessment.

In order to assess the recoverability of these assets, the Group prepared financial models at 30 June 2017 to determine if the carrying value of goodwill was supported by forecast future cash flows, discounted to present value ("the model").

The assessment of impairment was a key audit matter due to the quantum of the goodwill and other definite lived intangible assets balances as well as the judgements and assumptions applied in estimating forecasted cash flows, growth rates and discount rates.

We performed the following procedures:

- Assessed whether the division of the Group's property, plant and equipment, goodwill and intangible assets into Cash Generating Units (CGUs) to assess impairment was consistent with our knowledge of the Group's operations and internal Group reporting.
- Considered if the impairment model used to estimate the recoverable amount of the assets was consistent with the requirements of Australian Accounting Standards.
- Assessed the Group's forecast future cash flows over the relevant period and evaluated whether the forecasts were consistent with the approved budget.
- Assessed the Group's ability to forecast future cash flows for the business by comparing budgets with reported actual results for the past year.

Key audit matter

How our audit addressed the key audit matter

- Assessed whether the terminal growth rate used in the model was consistent with the long term average growth rates of the industry sector in which the Group operates.
- Tested whether the discount rate used in the model appropriately reflected the risks of the CGUs and the specific risks relating to the segments in which they operate.
- Performed sensitivity analysis of the model using a range of alternative growth rate and discount rate assumptions.
- Undertook testing of the mathematical accuracy of the model's calculations.
- Evaluated the adequacy of the disclosures made in note 10, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information included in the Group's annual report for the year ended 30 June 2017 comprises the Directors' report (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. We also expect other information to be made available to us after the date of this auditor's report, including the Corporate Directory, Information for Shareholders and Corporate Governance Statement.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

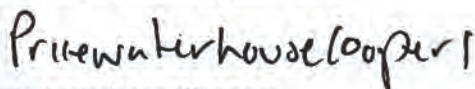
Our opinion on the remuneration report

We have audited the remuneration report included in pages 9 to 17 of the Directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Altium Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



PricewaterhouseCoopers



Eliza Penny
Partner

Sydney
28 August 2017

Altium Limited | Corporate Governance Statement Reference

A revision of ASX Listing Rule 4.10.3 has meant that Altium is no longer required to include a copy of the Annual Corporate Governance Statement in its printed Annual Report, instead the Corporate Governance Statement will be published on the Altium website.

A copy is now available at: www.altium.com/company/investor-relations/publications-and-reports/key-documents

Altium Limited | Information for shareholders as at 31 August 2017

The shareholder information set out below was current as at 31 August 2017.

a) Number of shareholders

As at 31 August 2017, there were 13,546 Altium Limited shareholders, holding 130,215,813 fully paid ordinary shares listed on the Australian Securities Exchange (ASX) under the ticker ALU.

b) Distribution of equity securities

Analysis of equity security holders by size of holding:

Range	Number of shareholders ALU Ordinary Shares	Number of option holders
1 – 1,000	6,096	-
1,001 – 5,000	5,876	-
5,001 – 10,000	947	-
10,001 – 100,000	551	-
100,001 – and over	76	-
Total	13,546	-

Less than Marketable Parcel - There were 51 holders of a less than marketable parcel of ordinary shares.

c) Equity security holders

Twenty largest quoted equity security holders

Rank	Name of Holding	Units	% of Share Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,232,884	14.77
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	13,728,715	10.54
3	NATIONAL NOMINEES LIMITED	7,582,375	5.82
4	MR ARAM MIRKAZEMI + MRS LAILANI MIRKAZEMI <FAMILY A/C>	7,113,000	5.46
5	CITICORP NOMINEES PTY LIMITED	5,821,391	4.47
6	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,999,694	3.07
7	BNP PARIBAS NOMS PTY LTD <DRP>	3,112,301	2.39
8	UBS NOMINEES PTY LTD	2,895,028	2.22
9	SERGEY & SLAVA PTY LTD <KOSTYNSKY FAMILY A/C>	2,228,125	1.71
10	MIRKAZEMI HOLDINGS PTY LTD <MIRKAZEMI SUPER FUND A/C>	2,050,000	1.57
11	MUTUAL APPRECIATION SOCIETY PTY LTD <GARB-WEISS SUPER FUND A/C>	1,935,207	1.49
12	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	1,078,700	0.83
13	MR SHAHRAM MIRKAZEMI	1,000,170	0.77
14	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	984,653	0.76
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	951,726	0.73
16	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <BKMINI A/C>	946,731	0.73
17	ONE MANAGED INVESTMENT FUNDS LIMITED <LAKEHOUSE SMALL COMPANIES A/C>	903,706	0.69
18	INVIA CUSTODIAN PTY LIMITED <MARC CLAUDE DEPRET A/C>	822,268	0.63
19	AMP LIFE LIMITED	792,581	0.61
20	BAINPRO NOMINEES PTY LIMITED	769,154	0.59
	TOTAL	77,948,409	59.85

d) Unquoted equity securities

	Number of options on issue	Number of holders
Employees	-	-
Directors	-	-
Total options on issue	-	-

e) Substantial shareholders

The substantial holders in the company are set out below

Rank	Name	Number of shares	%
1	Mirkazemi Holdings Pty Ltd	9,813,543	7.54%
Total		9,813,543	7.54%

f) Securities Purchase On-Market for an Employee Incentive Scheme

On the 2 Sept 2016, 11,250 Fully Paid Ordinary Altium Shares were purchased on market for \$109,254.38 (approx. \$9.71 per share) on behalf of the Altium Employee Share Trust which holds shares subject to the Altium LTI plans.

g) 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) Options: No voting rights

h) Share buy-back

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

i) Securities subject to escrow

There are currently no shares under escrow.

j) Altium major announcements to the ASX*

Date	Announcement
08/09/2017	Change of Director's Interest Notice - Raelene Murphy
08/09/2017	Change of Director's Interest Notice - Sam Weiss
04/09/2017	Change of Director's Interest Notice - Aram Mirkazemi
31/08/2017	Change of Director's Interest Notice - David Warren
28/08/2017	Full Year Investor Presentation
28/08/2017	Altium Announces Upverter Acquisition
28/08/2017	Altium Announces Final Audited Results as at 30 June 2017
28/08/2017	Dividend/Distribution - ALU
28/08/2017	2017 Preliminary Final Report
28/07/2017	Notification of Financial Release Date and Investor Call
10/07/2017	Revised Director & Employee Share Trading Policy
29/05/2017	Change of Director's Interest Notice - Sam Weiss
22/03/2017	Change of Director's Interest Notice - Sam Weiss
01/03/2017	Initial Director's Interest Notice - Lynn Mickleburgh

Date	Announcement
28/02/2017	Final Director's Interest Notice - Carl Rooke
27/02/2017	Change of Director's Interest Notice - Sam Weiss
21/02/2017	Director Appointment/Resignation - Lynn Mickleburgh
21/02/2017	Half Year Investor Presentation
21/02/2017	Altium Announces Results for the Half Year to 31 Dec 2016
21/02/2017	Dividend/Distribution - ALU
21/02/2017	Half Yearly Report and Accounts
13/02/2017	Notification of dates for release of Half Yearly results
14/12/2016	Change of Director's Interest Notice - Sam Weiss
09/12/2016	Change of Director's Interest Notice - Carl Rooke
09/12/2016	Change of Director's Interest Notice - Sam Weiss
18/11/2016	Change of Director's Interest Notice - Aram Mirkazemi
18/11/2016	Results of Meeting
18/11/2016	Technology Presentation to shareholders
18/11/2016	Chairman's Address to Shareholders
19/10/2016	2016 Notice of General Meeting/Proxy Form - Amended
17/10/2016	2016 Notice of General Meeting/Proxy Form
17/10/2016	2016 Annual Report to shareholders

* A complete and up-to-date list of all Altium's financial announcements can be found on the ASX website.

k) Annual General Meeting

Date: Wednesday 8 November 2017

Time: 9am

Venue: Pier One Sydney Harbour, 11 Hickson Road, Walsh Bay, Sydney NSW 2000, Australia

l) Inquiries about your shareholding

Please contact our share registry, Computershare for all questions in relation to your shareholding, dividends, share transfers and monthly holding statements. Computershare has a website which provides shareholders with access to shareholder forms and provides answers to frequently asked questions. You are also able to update some of your shareholder information online.

Mailing address: Computershare Investor Services Pty Limited,
GPO Box 2975, Melbourne VIC 3001 Australia

Phone: (Aus) 1300 850 505
(Overseas) +61 (0)3 9415 4000

m) Have you changed your address?

Whenever you change your address it is important to notify the share registry. This can be done in a number of ways, either post or fax the share registry a written request quoting your shareholder number, old address, current address and signature, or visit the Computershare website and change your details online.

n) Inquiries about Altium Limited

Details of Altium Limited's Registered Office are as follows;

Address: The Zenith, Tower B
Level 6, 821 Pacific Highway
Chatswood NSW 2067
Australia

PH: +61 29410 1005

FX: +61 29410 0509

Email: investor.relations@altium.com

Website: www.altium.com

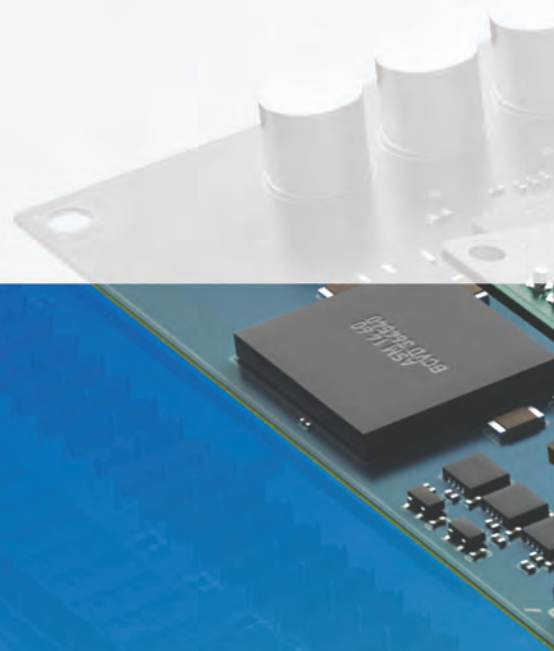
Company Secretaries: Alison Raffin and Kim Besharati

o) Altium shareholder communications

Altium publishes information to its shareholders in the annual report and via releases to the ASX. Investor Information can be found on our website www.altium.com/en/altium/investor-relations

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