

Altium[®]



**ANNUAL
REPORT
2018**

Altium Limited
ACN 009 568 772

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Directors

Samuel Weiss	Non-executive Chairman
Aram Mirkazemi	Chief Executive Officer
Sergiy Kostynsky	Executive Director - appointed 1 January 2018
Raelene Murphy	Non-executive Director
Lynn Mickleburgh	Non-executive Director
Wendy Stops	Non-executive Director - appointed 1 February 2018

Company secretaries

Alison Raffin (BBus, ACSA)

Kim Besharati (BEc)

Notice of annual general meeting

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

Time: 2pm

Date: 16 November 2018

Registered office

Suite 3, 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

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 2018.

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)
 Aram Mirkazemi
 Sergiy Kostynsky - appointed 1 January 2018
 Raelene Murphy
 Lynn Mickleburgh
 Wendy Stops - appointed 1 February 2018
 Dr David Warren - retired 31 December 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	
	2018 US\$'000	2017 US\$'000
Final dividend for the year ended 30 June 2017 of AU 12 cents (2016: AU 10 cents)	12,534	9,830
Interim dividend for the half year ended 31 December 2017 of AU 13 cents (2016: AU 11 cents)	13,099	10,961
	25,633	20,791

The Directors have declared a final dividend of AU 14 cents per share for the year ended 30 June 2018. The dividend will be paid on 25 September 2018 based on a record date of 4 September 2018. This amounts to a total dividend of US\$13.5 million based on the number of shares outstanding.

Review of operations

Overview

Altium achieved record operating revenue growth of 26% with US\$140.2 million in revenue for the financial year ended 30 June 2018. Altium expanded profit margins to record levels with a 34% increase in net profit after tax to US\$37.5 million, generating earnings per share (EPS) of US 28.86 cents. Altium achieved an EBITDA margin of 32.0% for the fiscal year (35.5% on an underlying basis).

Altium's revenue and EBITDA growth is consistent with the Group's fiscal year 2020 commitment of \$200 million in revenue and 35% EBITDA or better. All segments experienced double digit revenue growth contributing to increased profits through the strong operating leverage inherent in Altium's business model. The Group has improved the performance of the Altium Designer transactional sales engine to expand EBITDA and has invested wisely in the early stage sales and marketing of enterprise solution sales for Nexus.

The Altium balance sheet is strong. Operating cash flow contributed US\$48.5 million (2017: US\$35.9 million) and the Group ended the year with a cash balance of US\$52.5 million after paying dividends of US\$25.6 million (2017: US\$20.8 million), completing the acquisitions of Upverter Inc. and PCB:NG Inc. for combined upfront cash consideration of US\$3.7 million and contingent consideration payments of US\$6.2 million (2017: US\$2.6 million) relating to prior period acquisitions. Cash management continues to be an important part of Altium's business as we seek to optimize investments in our long-term vision whilst returning a meaningful dividend to shareholders.

Altium completed acquisitions of Upverter Inc., a Canadian based developer of fully cloud, fully collaborative electronics design system software company and PCB:NG Inc., an American based start-up focused on smart manufacturing of printed circuit boards. They will both contribute to the development of the Altium product realization platform that connects the design space to the manufacturing floor.

Financial Highlights

- Operating revenue increased by 26% to US\$140.2 million;
- Operating expenses, excluding depreciation, amortisation and interest increased by 23% over the prior year, resulting in EBITDA margin of 32%. This includes one-off expenses associated with acquisition earn-out adjustments for Octopart and new acquisition costs;
- Net Profit after Tax (NPAT) increased by 34% to US\$37.5 million;
- Earnings per share (EPS) increased by 33% to 28.86 cents per share;
- Operating cash flow increased by 35% to US\$48.5 million.

Key Financial Results

	Consolidated		
	30 Jun 2018 US\$'000	30 Jun 2017 US\$'000	Change %
Revenue (excluding interest)	140,176	110,865	26%
Operating expenses (excluding depreciation, amortisation and interest)	(95,307)	(77,611)	23%
EBITDA	44,869	33,254	35%
EBITDA margin	32.0%	30.0%	
<i>EBITDA margin underlying*</i>	35.5%	31.4%	
Depreciation and amortisation	(5,296)	(3,785)	
EBIT	39,573	29,469	34%
Net Interest	130	3	
Profit before income tax	39,703	29,472	35%
Income tax expense	(2,214)	(1,395)	
Profit after income tax	37,489	28,077	34%
EPS cents	28.86	21.70	

* The underlying EBITDA margin excludes the re-measurement of contingent consideration, acquisition costs and restructure costs.

Product Revenue	Consolidated		
	30 Jun 2018 US\$'000	30 Jun 2017 US\$'000	Change %
Altium Designer software licenses	51,309	41,736	23%
Altium Designer subscriptions	51,522	41,199	25%
Search advertising	11,968	7,688	56%
TASKING software licenses	8,526	7,217	18%
TASKING maintenance	4,709	3,839	23%
Service revenue	4,848	3,353	45%
Altium Nexus	4,833	3,748	29%
Other	2,461	2,085	18%
Total Product Revenue	140,176	110,865	26%

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

Product Sales	Consolidated		
	30 Jun 2018 US\$'000	30 Jun 2017 US\$'000	Change %
Altium Designer licenses	53,088	41,611	28%
Altium Designer subscriptions	53,701	43,609	23%
Search advertising	11,968	7,688	56%
TASKING licenses	10,432	6,863	52%
TASKING maintenance	4,706	4,151	13%
Service sales	3,769	3,554	6%
Altium Nexus	4,624	3,690	25%
Other	2,254	2,277	(1%)
Total Sales	144,541	113,443	27%

Net Profit After Tax

Net profit after tax increased by 34% to US\$37.5 million from US\$28.1 million in the previous year.

The US Congress passed the Tax Cuts and Jobs Act in December 2017 which contains significant tax reform measures, including a decrease in the USA federal corporate tax rate from 35% to 21% and other measures that expand the tax base. Consequently, Altium has reviewed the valuation of the deferred tax asset (DTA) that arises from future deductibility of amortisation of Intellectual Property. The effect of applying a lower rate to the DTA has been offset by the elimination of certain interest expense deductibility (from 1 July 2018) resulting in a higher level of certainty as to probable utilisation of the amortisation benefit.

The effective tax rate for the year was 6% (2017: 5%). This reflects the tax effect of the utilisation of the deferred tax asset recognised as a result of both temporary differences arising on relocation of Altium's core business assets to the USA and the effect of permanent differences associated with the transaction. Altium will continue to utilize the tax benefits and re-evaluate the valuation of the deferred tax asset on an annual basis.

Operational Highlights

Altium achieved US\$144.5 million in sales (an increase of 27%) and US\$140.2 million in product revenue (an increase of 26%).

The Altium Board and Systems business unit revenue grew to US\$108.8 million with increases in all regions. EMEA grew revenue by 28% (Euros) and continued the transformation of its business model to direct transactional sales in key markets. The America's achieved a strong growth of 13% and China had revenue growth of 29% and established a second sales office in Shenzhen to support accelerated growth in the future.

The number of Altium Designer licenses sold increased by 15% with a total 6,321 seats sold in 2018. Additionally the subscription pool grew by 10% to reach over 37,900 subscribers. The run-rate of growth of the subscription pool is consistent with that required to achieve Altium's 2020 financial goal of US\$200 million in total revenue.

The Group has increased capacity in the Altium Designer sales force in the America's, EMEA and China to ensure the appropriate resources are in place to support organic revenue and profit growth in its core PCB business.

The Microcontrollers and Embedded Systems business grew revenue by 23% worldwide to US\$14.5 million during the year. Our TASKING embedded software has enjoyed success through its association with Infineon, the semiconductor company that manufactures the TriCore and Aurix chipsets for the automotive industry.

Altium's electronic parts search and discovery business, Octopart grew by 56% to US\$12.0 million in revenue during the year. Octopart delivers part level intelligence to the electronic design engineering community and is establishing itself as the number one brand associated with electronic parts search. Octopart has grown in strength since the business was acquired nearly three years ago and is at the centre of our digital strategy.

Upverter Inc, acquired during the year, is a key element of the Altium digital strategy for the individual and maker market. Altium will leverage Upverter cloud infrastructure for the next generation of Upverter product with enhanced performance and capability.

During the year, Altium released Altium Designer 18, and a new high-end PCB product, Altium Nexus. These two products represent Altium's core technology that will support and sustain Altium's objective to achieve market leadership. Both products are built on Altium's new X2 platform, featuring a high-speed engine with an enhanced user interface experience. The Altium R&D organisation has evolved its structure to further align with Altium's multi-product, multi-channel strategy.

Altium Nexus delivered US\$4.8m in revenue. Nexus is Altium's upper level product for customers who require structured and comprehensive collaboration with formal data management functionality. The Nexus team has been increasing capacity to support solutions sales for this customer set. We have experienced progress with existing customers and our first high-end competitive replacement with a significant automotive supplier.

The Altium technology partnership with the SolidWorks division of Dassault Systemes is strategically significant because it will expand the influence and market reach of Altium beyond its historic PCB Market, despite revenue being at the contract minimum. The product ramp is progressing slowly and is highly dependent on the SolidWorks Channel and marketing efforts. Altium is working with Dassault Systemes to combine Altium's electronic CAD (ECAD) expertise with Dassault's enterprise capabilities.

Strategy

The Altium strategy to achieve PCB market leadership by 2020 based on multi-product, multi-channel capability is bearing fruit as we accelerate toward our 2020 revenue target of US\$200 million and EBITDA margin of 35% or better.

During fiscal 2018, Altium's commitment to the multi-product, multi-channel strategy has led to the formation of three brands, one for each of our key market segments.

Altiumze is the brand name for Altium in the mainstream transactional business where the core product is Altium Designer which is the most important component of the Altium sales strategy.

Expedyze is the brand name for the high-end market segment to provide solutions for customers who require structured collaboration and formal data management with agility. Our focus for Expedyze is to provide a configurable product set, built around Altium Nexus to solve problems and deliver a working solution to our high-end customers.

Octomyze is the brand name chosen for the digital market. Octomyze deliver content and capability to a broad range of designers, engineers and manufacturing customers including our Octopart and Upverter products to bring democratisation of electronics for mass users. The business is supported by content and streamlined capability.

Altium is building several critical capabilities to achieve our vision. We are committed to delivering consistent financial performance based on our line and length strategy of double-digit revenue growth and expanding EBITDA margins. "Line and length" is the cornerstone to our financial strength and the bedrock on which we are building other critical capabilities.

We have instituted a formal Program Management framework to ensure focused execution within and across our sales, marketing and engineering functions and we have expanded our management depth to enhance our capacity to manage a more complex organization and to enter new markets. This is at the heart of Altium's Org 2.0 initiative, which will support Altium's multi-product, multi-channel strategy while maintaining Altium's strong operating leverage.

Outlook

Altium is dedicated to become the PCB design software market leader (in both dollars and seats) and to achieve US\$200 million in revenue by 2020. Specific drivers of growth include:

- The proliferation of electronics through the rise of smart connected devices will continue to drive growth for our business in the foreseeable future;
- Increase market share by winning business from customers using a competitors' product and by taking the majority of seats in customers who are entrants to electronic design;
- Continue to pursue partnership and M&A opportunities to support our long-term vision of creating a product design and realisation platform.

Key Risks

Altium recognises and deals with a variety of business risks. Altium has a framework in place which enables it to actively assess and manage risk on an ongoing basis. The risks listed are not a comprehensive list or the mitigating actions that have been adopted.

Strategic risk: Altium has articulated a clear strategy with deliverables well into the future. Altium's strategic direction and the ability to execute on the strategy and deliver to commitments are critical to future success. Altium devotes significant time and resources to the development, monitoring and review of its strategic direction. The process includes several activities including, dedicated strategy sessions at the board level, ongoing executive review of programs critical to strategy, dashboards to monitor and highlight progress and setbacks, and development of an in-house review team to evaluate strategy and strategic alternatives.

Financial, Compliance and Regulatory risk: Altium operates in several countries around the world and is subject to multiple regulatory and compliance regimes. Altium's continued ability to manage relations with key regulatory agencies in Australia, Europe and United States is essential to smooth operations. Altium works with several external experts world-wide to ensure compliance with specific accounting and regulatory reporting requirements, personal data privacy issues such as GDPR, tax and reporting compliance in Australia and around the world as well as export control requirements worldwide. This network of professionals as well as personnel on the ground in countries we operate helps to ensure ongoing compliance.

Security of sensitive information: There is an inherent risk related to the potential of cyber-attack on propriety information and customer data. Altium's business could be significantly impacted by security breaches of customer data through theft, destruction or misappropriation or release of confidential customer data and the potential of confidential proprietary information being stolen. Altium has developed methodology for segregation of data, backup and critical access monitoring.

Ability to attract and retain key personnel: A critical part to the success of Altium is dependent on the retention of key personnel and members of the senior management, product research and development teams. There is a risk Altium may not be able to attract and retain key personnel due to competitor recruitment pressures which could in turn affect the near term success of executing key strategic and operational goals. Altium's high performance culture and drive for results has been coupled with a program management methodology that mitigate reliance on single points of failure and enhances Altium's desirability as an employer of choice.

Sustainability Statement

Altium is an innovative, market leading technical software company that encourages sustainable business practices in all of its locations, supports the education of future engineers and despite its relatively small size, operates in many countries around the world with a diverse workforce of employees who are dedicated to our mission to transform electronic product design and realisation.

Environment

Altium is a service-based organisation, with an environmental footprint that is relatively small, primarily comprised of the energy used by our offices and R&D centres, as well as the typical consumables of an office-based business. We have recently acquired PCB:NG Inc. which is a small scale assembler of printed circuit boards. PCB:NG Inc. operates in New York City, where the manufacturing process and toolsets are environmentally conscientious.

Altium considers environmental sustainability in its office rental decisions. The building our office occupies in Sydney, Australia features a 5-star NABERS energy rating and a 4-star NABERS water rating. The other offices Altium occupies world-wide have energy efficient lighting, along with occupancy detection sensors which turn lights off when a space is not being used. Air conditioners are also zoned and switch off outside office hours. We consider energy efficiency when reviewing options for an expansion or new space.

We see our investment in technology and innovation as a driver of enhanced sustainability. The frequent use of virtualisation technologies such as VMware, Zoom and Skype in all offices and data centres minimises the need for travel to multiple sites reducing our reliance on commercial air travel.

Altium promotes e-communications and investment through new applications and web-based reporting. This enables paper consumption to be cut, as well as reducing mail costs. We encourage our employees and stakeholders to use email, recycled or carbon-neutral paper, and recycle paper waste.

We operate waste recycling bins in all our offices. We reduce our plastic consumption by using water dispensers or water filtered taps to replace plastic bottles.

We understand that there is always room for improvement and continuously monitor our office activities to take steps towards a better and more environmentally friendly office. In future years, we plan to report on our disposal of end-of-life IT hardware and non-paper personal waste.

Social

Diversity and inclusion

As a growing global organisation, Altium benefits from having a diverse mix of extraordinary individuals drawn from 14 countries, aged from 18 to 71, with wide ranging backgrounds and remarkable skills. Our future growth and innovation comes from the talent, motivation and enthusiasm of our people across the world. The charts below set out our diversity by region and gender.

Professional development

We work with our management teams and determine areas of interest to guide, build and motivate our teams with in-house training and conferences. Employees also participate in external training courses, conferences and tradeshow to grow our business and improve the leadership skills and knowledge of our employees.

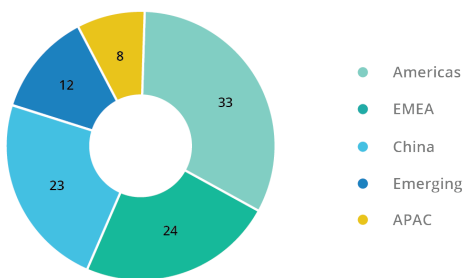
Employee wellbeing

Altium provides a safe and healthy workplace for its people and visitors. Employees are encouraged to observe and practice safe working methods to support a healthy and safe work culture and environment.

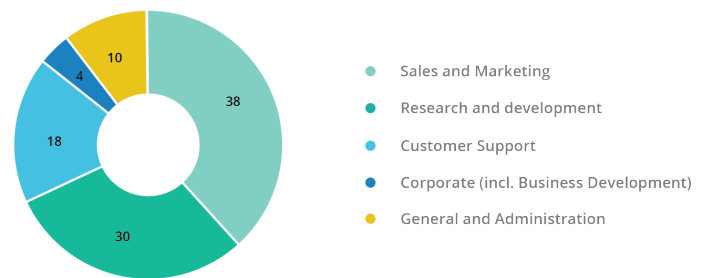
A state-of-the-art, healthy workplace makes a significant contribution to the satisfaction and productivity of employees, as well as to their ability to engage with the needs of our clients. We adhere to the principles of good office design, and ensure that our various locations have a similar look and feel – a strategy that maximises collaboration and growth.

Altium encourages employees to take personal responsibility for their wellbeing, health and relationships. We enable and support this through wellbeing initiatives such as free meals, healthy snacks and a flexible work environment in our offices world-wide.

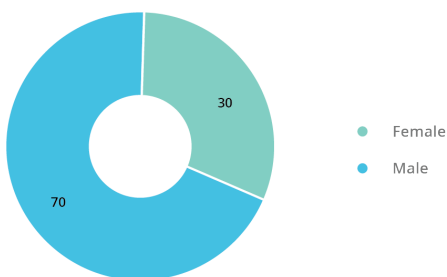
Employees by region (% as at 30 June 2018)



Employees by function (% as at 30 June 2018)



Employees by gender diversity (% as at 30 June 2018)



Governance

Corporate governance policies

Altium is committed to strong and effective governance frameworks. Altium's Corporate Governance Statement, in addition to its corporate governance policies are available in the Investors section of the Group's website at <https://www.altium.com/company/investor-relations/publications-and-reports/key-documents>.

Ethics and integrity

Altium's culture of honest and ethical behaviour is supported by the Group's Code of Conduct. This sets out the professional and personal conduct with which all employees are required to comply when dealing with each other, Altium's suppliers and the broader community. These include promoting a healthy and safe environment, protecting private and confidential information, acting always within the law, and acting in the best interests of the group.

Altium prohibits its personnel from engaging in activity which constitutes bribery or corruption. Altium is committed to conducting business in compliance with all applicable anti-bribery and anti-corruption laws in all countries in which it operates.

Altium will implement a Whistleblower Policy in the next financial year which protects employees from detrimental action where employees disclose, in good faith and with reasonable grounds, any unethical or improper conduct, financial impropriety or fraud, contravention of legal provisions or evidence of non-disclosure within the organisation.

Altium has privacy policies in line with the GDPR guidelines. GDPR provides specific actions that are required to be taken to ensure personal data privacy and the ability to control the use and dissemination of personal data.

Altium is committed to ensuring compliance with export control regulations and sanctions requirements for the countries in which we operate. Altium has implanted automated control processes and assigned personnel to ensure compliance to existing regulations.

In addition, Altium uses outside counsel and experts to ensure our compliance programs, security and privacy processes are consistent with industry standards and meet the rigorous requirements in the jurisdictions we transact business.



Name

Samuel Weiss

Title

Non-executive Chairman

Qualifications

AB MS FAICD

Experience

Sam (AB, Harvard College; MS, Columbia University Business School, FAICD) joined the Altium Board as a Non-executive Director on 1 January 2007 and was elected Chairman of the Board on 4 October of that year. Sam is also Chairman of 3PLearning Ltd. Sam is a highly experienced Company Chairman and Non-executive Director. He has been instrumental in the growth and leadership of Altium Limited over the past ten years as the Company has generated shareholder value through superior technology and strategy, capital and financial controls, and strong corporate governance. His experience in global markets has helped the Company on its journey to market leadership in electronics design for Printed Circuit Boards.

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 and 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 organisational design and development.

Other current directorships

3PLearning Ltd

Former directorships (last 3 years)

SurfStitch Group Ltd, Orotan Group Ltd, Breville Group Ltd, iProperty Ltd and Ensogo Ltd

Special responsibilities

Member of the Audit and Risk Management Committee and the Human Resources Committee

Interests in shares

1,940,207 (2017: 1,935,207) ordinary shares - Sam also holds a nominee interest in 245,312 (2017: 653,362) ordinary shares as a trustee of the Employee Share and Option Plan Trust

Interests in options

None



Name

Aram Mirkazemi

Title

Chief Executive Office

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

9,613,543 (2017: 9,813,543) ordinary shares and 186,659 unvested performance rights

Interests in options

None



Name

Sergiy Kostynsky

Title

Executive Director

Qualification

Bachelor's degree in Applied Mathematics from the National Technical University of Ukraine

Experience

Sergiy has 20 years of extensive experience at a senior management level in CAD software development and web-based technology. Prior to rejoining Altium as VP Engineering in 2010, as part of the Morfik Technology acquisition, Sergiy served as Director, Product Development. Sergiy was also one of the founding members of the Dream Company, a Ukraine component development company which was acquired by Altium in 2001. He is outstanding in creating, directing and managing complex software engineering projects and products, and has been the driving force behind Altium R&D.

Expertise

Sergiy is responsible for driving optimal performance in all aspects of our engineering efforts and leads a global team of high calibre engineers. In his role as CTO, Sergiy is responsible for developing and shaping the technological direction of Altium to underpin the company's bid for PCB market leadership and going beyond to bring about a transformation to electronics design.

Other current directorships

None

Former directorships (last 3 years)

None

Special responsibilities

None

Interests in shares

2,652,468 (2017: 2,556,823) ordinary shares and 49,411 unvested performance rights

Interests in options

None



Name

Raelene Murphy

Title

Non-executive Director

Qualification

BBus, FCA, 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, held senior executive roles in finance with the Mars 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, Servicestream, Integral Diagnostics and Cleanseas Seafood

Former directorships (last 3 years)

EVZ Limited - resigned March 2016, Tassal Group Limited - resigned March 2018

Special responsibilities

Chair of the Audit and Risk Management Committee and Member of the Human Resources Committee

Interests in shares

7,791 (2017: Nil) ordinary shares

Interests in options

None



Name

Lynn Mickleburgh

Title

Non-executive Director

Qualification

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 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

11,600 (2017: Nil) ordinary shares

Interests in options

None



Name

Wendy Stops

Title

Non-executive Director

Qualification

B. App. Sc. (EDP), GAICD

Experience

Wendy joined the Altium Board on 1st February, 2018. Wendy's executive career was as an information technology and management consultant with global leader Accenture from 1981 to 2015. For her final 16 years with Accenture she held various senior management leadership positions, commencing with regional portfolio & client account leadership in the ASEAN & ANZ regions in the Communications, Media & Technology industry group, and extending through to Director of Operations – Asia Pacific; Global Senior Managing Director, Outsourcing – Quality & Risk Management; Global Senior Managing Director, Technology - Quality & Risk Management; and finally as Senior Managing Director, Technology - Asia Pacific. Over her career with Accenture Wendy worked across multiple industry sectors and operated across multiple countries (including living in New York, Singapore and Kuala Lumpur).

Expertise

Wendy brings to Altium extensive experience in the information technology sector in an organisation that grew to become a global industry leader. In doing so Wendy spent many years both working for clients and in management/leadership roles that enables her to bring to the Altium Board her experience in how to develop and build a committed and capable workforce with robust people leadership practices and processes; how to reward and incentivise individuals and groups; how to manage operational risk; and how to industrialise the processes of a growing organisation. Wendy is also well versed in large scale program & project management, client relationship & quality management, software implementation, values & culture, and operating in Asia Pacific; all of which are also of value to Altium Limited.

Other current directorships

Commonwealth Bank of Australia

Former directorships (last 3 years)

n/a

Special responsibilities

Chair of the Human Resources Committee, Member of the Audit and Risk Committee

Interests in shares

40,000 (2017: Nil) ordinary Shares

Interests in options

40,000 (2017: Nil) ordinary Shares

'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

Kim Besharati

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 2018, 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	7	7	3	3	5	5
Aram Mirkazemi	7	7	-	-	-	-
Sergiy Kostynsky*	3	3	-	-	-	-
Raelene Murphy	7	7	3	3	5	5
Lynn Mickleburgh	6	7	3	3	5	5
Wendy Stops**	3	3	2	2	2	2
Dr David Warren***	4	4	1	1	3	3

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

* Sergiy Kostynsky was appointed as an Executive Director on 1 January 2018

** Wendy Stops was appointed as a Non-executive Director on 1 February 2018

*** Dr David Warren retired as a Non-executive Director on 31 December 2017

Letter from the Remuneration Committee Chairman

Dear Fellow Shareholder,

On behalf of the Human Resources (HR) Committee, I present the Altium Remuneration Report for the 2018 financial year. As the newly appointed Chair of the HR Committee, I wanted to take this opportunity to provide some background and context on remuneration at Altium and introduce some changes we are making and ideas we are exploring to support our bold future plans.

Principles and Context

Altium Limited seeks to bring into harmony the interests of the Company, its Shareholders and its Customers. The motivation and remuneration of its Key Employees has and continues to be, an intrinsic part of this process. You have heard us talk before about our strategic intent to:

- Become the market leader in PCB design tools
- Develop a leadership position in System Engineering and agile enterprise
- Build the market for content and search in PCB parts

That strategic intent remains highly relevant, but is evolving to another level beyond **market leadership in PCB design to transformation of the electronics industry**. This new strategic horizon requires an organisation whose people are committed and focused on the journey we will need to take over the next five to ten years. Our ability to attract, retain and reward our people in line with that journey and the enhanced skills and dedication required, particularly at the leadership level, will become fundamental to the achievement of our enhanced strategic intent.

Our total reward framework today, as articulated last year, includes the following principles:

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

Our principles as we achieve market dominance and transformation of the industry, need to evolve in recognition that our landscape is changing and the reward system needs to change with it. For example:

- Our executives are increasingly US based and therefore we need to balance the differing remuneration environment expected in a competitive US market, versus the expectations of Australian shareholders;
- Our journey to move beyond market dominance to industry transformation will take several years, so our reward system needs to recognise the long-term nature of that journey and the commitment we want from our people to lead and be a part of that;
- Our business is increasingly diverse with varied products and services for our customers, and varied timeframes and goals to achieve our plans, so we can no longer just focus on overall group's performance when setting targets for remuneration;
- Our global footprint continues to grow, with EMEA and APAC becoming increasingly a large part of our employee base, thus our remuneration framework needs to deal with the complexities of operating in this broader global environment.

Today versus the Future

The Altium total reward program today includes a mixture of fixed and performance based at risk remuneration (with common corporate goals) to ensure that there is individual as well as collective accountability for the group's performance. Collective accountability and responsibility for our financial results has been very important as we have achieved high levels of growth in revenues and earnings over the past six years; it will continue to be important to us and will help us to focus on our road to industry transformation in the coming years.

Cash based rewards (STI) have been used to recognise the achievement of annual financial goals, whilst share based rewards are used in our long-term incentive plan (LTI) 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.

Both STI and LTI rewards will remain a key component of our reward system in the future, however we recognise that we will need to adjust them in line with our increasingly ambitious strategic intent and principles outlined above. It is a journey we have just commenced, we expect to take some small steps in the 2019 fiscal year to introduce two key changes to our reward program:

- We will introduce minimum shareholding requirements for both executives and directors;
- We will introduce a small component of non-financial targets in both STI and LTI that recognise both the individual contribution required to hit short term goals (in STI) and the additional fundamental cultural changes required at the corporate level to achieve the long-term journey (in LTI).

In addition, for the longer term, we are exploring what additional innovation and investment is needed in our reward system to ensure we can attract, retain and reward the core personnel, particularly at the leadership level, that we need to achieve our intent of market dominance and industry transformation. If we are to achieve this intent and deliver significant capital appreciation to our shareholders, it will be a longer, more intense journey and the reward system principles need to be commensurate with that. We will share more of this as our thinking evolves in next year's remuneration report.

The remainder of this remuneration report details how our remuneration is structured and the specific details of the remuneration outcomes for fiscal year 2018.

We appreciate the feedback received throughout the year and look forward to further engagement in the coming year. I invite you to review the full report, and thank you for your interest.



Wendy Stops
HR Committee Chairman

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:

- Remuneration structure;
- Details of remuneration;
- Service agreements;
- Share-based compensation;
- Additional disclosures relating to key management personnel.

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 incentives 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 benchmark information, to ensure that the executive's 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.

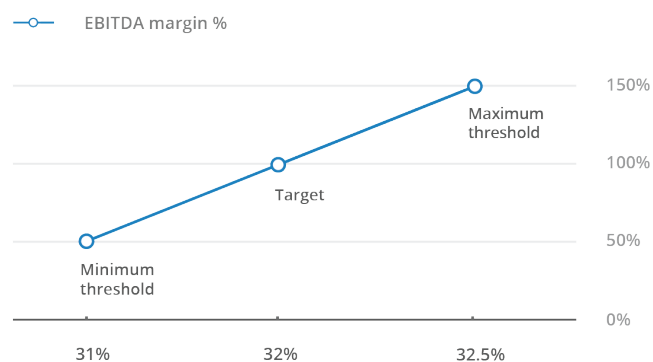
The STI plan is designed to incentivise the Executive Team to deliver results in excess of budget.

For the financial year 2018, performance was assessed on achievement of revenue growth and EBITDA margin targets. 50% of STI will be paid for the achievement of the revenue target while the remaining 50% 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%.

50% STI - Revenue Payout



50% STI - EBITDA Margin Payout



For the year ended 30 June 2018 the STI will be paid out at 131% (30 June 2017: 103%). The revenue portion of the STI achieved 150% and the EBITDA portion of the STI achieved 112% however this achievement is capped to the EBITDA margin of 32%.

	FY18 STI thresholds		FY18 Actual	
Revenue USD target	\$124M	\$127M	\$129M	\$140M
50% STI payout level	50%	100%	150%	150%
EBITDA margin target	31%	32%	32.5%	32%
50% STI payout level	50%	100%	150%	112%
Total STI payout level				131%

Long-term incentives

The Group 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 Group 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.

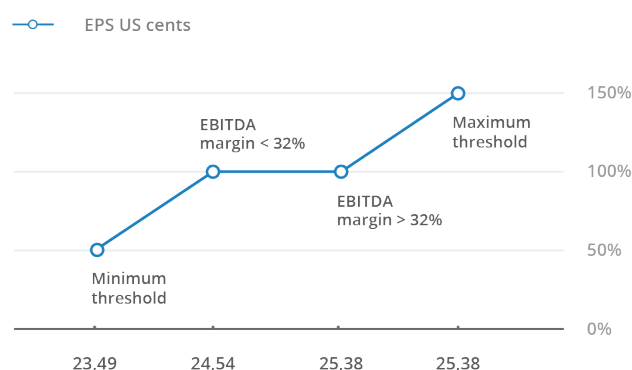
In August 2014 the board of directors approved the establishment of the Altium Performance Rights Plan. The Performance Rights Plan which replaced the 2012 Share Plan is designed to provide "ownership" incentives for Executives to build a company with the ability to appreciate in value and to increase 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 2018 Plan will be 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%.

LTI Payout



For the year ended 30 June 2018, the LTI will be paid out at 100% (30 June 2017: 100%). The EPS cents achieved maximum threshold of 150% however this achievement is capped due to the EBITDA margin.

	FY18 LTI thresholds				FY18 Actual
EPS US cents	23.59	24.54	25.38	25.38	28.86
Achievement level	50%	100%	100%	150%	100%
EBITDA Margin	N/A	N/A	≤32.0%	>32.0%	32%

Statutory performance indicators

The Altium executive remuneration philosophy is to align it to the strategic and business objectives of the Group 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 key management personnel, as shown above. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Details of remuneration

Amounts of remuneration

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

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

2018	Short-term benefits			Post-employment benefits	Equity-settled		Total US\$
	Cash salary and fees US\$	STI Plan US\$	Non-monetary US\$	Super-annuation US\$	LTI Plan US\$	Share grant US\$	
<i>Non-Executive Directors:</i>							
Samuel Weiss	260,274	-	-	24,726	-	-	285,000
Dr David Warren*	68,493	-	-	6,507	-	-	75,000
Raelene Murphy	150,000	-	-	-	-	-	150,000
Lynn Mickleburgh	142,500	-	-	-	-	-	142,500
Wendy Stops**	57,078	-	-	5,422	-	-	62,500
<i>Executive Directors:</i>							
Aram Mirkazemi	500,000	327,276	28,539	-	717,142	-	1,572,957
Sergiy Kostynsky***	125,000	163,638	14,285	-	145,077	-	448,000
<i>Other Key Management Personnel:</i>							
Henry Potts	1,375,000	278,185	70,459	-	269,689	-	1,993,333
Joseph Bedewi	360,000	235,639	43,952	-	206,035	653,658	1,499,284
	3,038,345	1,004,738	157,235	36,655	1,337,943	653,658	6,228,574

* Dr David Warren retired as a Non-executive Director on 31 December 2017

** Wendy Stops was appointed as a Non-executive Director on 1 February 2018

*** Sergiy Kostynsky was appointed as an Executive Director on 1 January 2018, cash salary is included from the position start date and the STI and LTI are not prorated

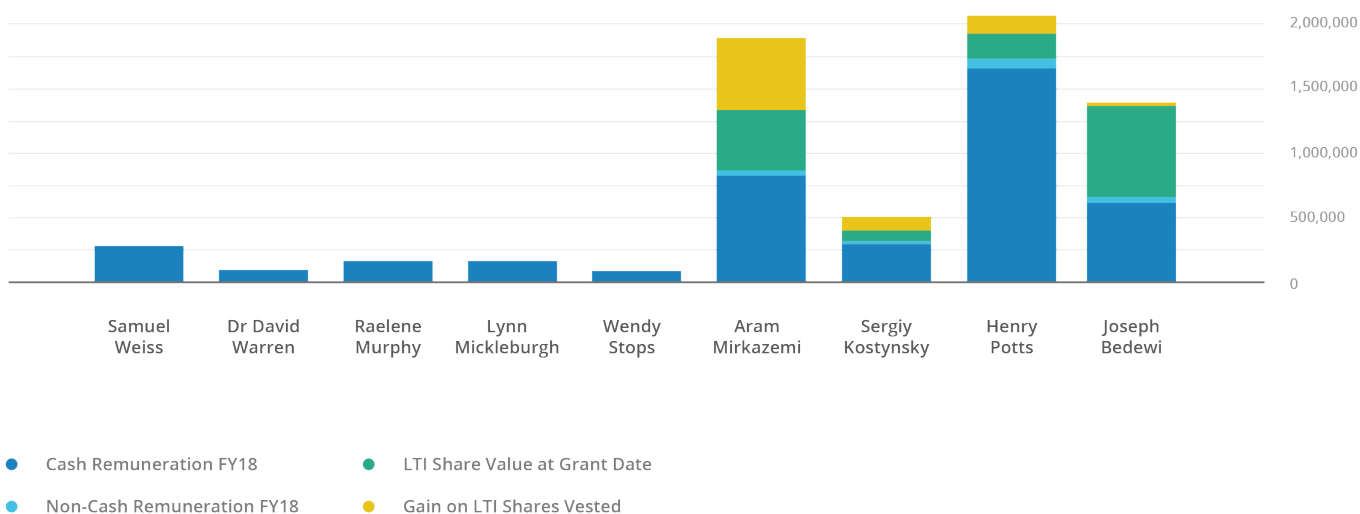
2017	Short-term benefits			Post-employment benefits	Equity-settled		Total US\$
	Cash salary and fees US\$	STI Plan US\$	Non-monetary US\$	Super-annuation US\$	LTI Plan US\$	Share grant US\$	
<i>Non-Executive Directors:</i>							
Samuel Weiss	233,382	-	-	22,171	-	-	255,553
Dr David Warren	123,564	-	-	11,739	-	-	135,303
Raelene Murphy*	117,500	-	-	-	-	-	117,500
Lynn Mickleburgh**	45,490	-	-	-	-	-	45,490
Carl Rooke***	85,306	-	-	-	-	-	85,306
<i>Executive Directors:</i>							
Aram Mirkazemi	475,000	256,485	26,783	-	459,536	-	1,217,804
<i>Other Key Management Personnel:</i>							
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

FY2018 Remuneration: Realised income versus statutory income



LTI shares vested in the year ended 30 June 2018

Name	Number of rights granted	Grant date	Share price at grant date AU\$	Value of rights at grant date US\$	Vesting date	Share price at vesting date AU\$	Value of rights at vesting date US\$
A.Mirkazemi	42,575	26/08/2014	2.58	93,366	31/08/2017	9.97	335,503
A.Mirkazemi	64,103	16/02/2016	5.75	217,342	31/08/2017	9.97	505,150
A.Mirkazemi	24,460	18/11/2016	8.44	156,120	1/09/2017	10.15	197,374
S.Kostynsky	7,806	26/08/2014	2.58	17,117	31/08/2017	9.97	61,514
S.Kostynsky	14,074	16/02/2016	5.75	57,455	31/08/2017	9.97	110,906
S.Kostynsky	6,115	5/05/2017	8.44	38,190	1/09/2017	10.15	49,344
H. Potts	33,777	16/02/2016	5.75	137,892	31/08/2017	9.97	266,174
H. Potts	10,396	5/05/2017	8.44	64,923	1/09/2017	10.15	83,885
J. Bedewi	8,806	5/05/2017	8.44	54,994	1/09/2017	10.15	71,056

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

Name	Fixed remuneration		At risk - STI		At risk - Equity	
	2018	2017	2018	2017	2018	2017
<i>Non-Executive Directors:</i>						
Samuel Weiss	100%	100%	-	-	-	-
Dr David Warren	100%	100%	-	-	-	-
Raelene Murphy	100%	100%	-	-	-	-
Lynn Mickleburgh	100%	100%	-	-	-	-
Wendy Stops	100%	-	-	-	-	-
<i>Executive Directors:</i>						
Aram Mirkazemi	34%	41%	21%	21%	45%	38%
Sergiy Kostynsky	31%	-	37%	-	32%	-
<i>Other Key Management Personnel:</i>						
Henry Potts	72%	72%	14%	14%	14%	14%
Joseph Bedewi	27%	75%	17%	21%	56%	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	Aram Mirkazemi
Title	Chief Executive Officer
Term of agreement	Open agreement with no fixed term.
Details	Base salary of US\$500,000, participation in 2018 STI Plan for an on-target benefit of US\$250,000 to a maximum benefit of US\$375,000 and participation in 2015, 2016, 2017 and 2018 Performance Rights plan (LTI) for an on-target benefit of US\$500,000 to a maximum benefit of US\$750,000.

Name	Sergiy Kostynsky (appointed to this position on 1 January 2018)
Title	Executive Director
Term of agreement	Open agreement with no fixed term.
Details	Base salary of US\$250,000, participation in 2018 STI Plan for an on-target benefit of US\$125,000 to a maximum benefit of US\$187,500 and participation in 2015, 2016, 2017 and 2018 Performance Rights plan (LTI) for an on-target benefit of US\$125,000 to a maximum benefit of US\$250,000.

Name	Raelene Murphy
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
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	Wendy Stops (appointed to this position on 1 February 2018)
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 February 2018

Name	Henry Potts
Title	Chief Sales Officer
Term of agreement	Open agreement with no fixed term
Details	Base salary of US\$425,000, participation in 2018 STI Plan for an on-target benefit of US\$212,500 to a maximum benefit of US\$318,750 and participation in 2016, 2017 and 2018 Performance Rights plan (LTI) for an on-target benefit of US\$212,500 to a maximum benefit of US\$318,750

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 2018 STI Plan for an on-target benefit of US\$180,000 to a maximum benefit of US\$270,000 and participation in 2017 and 2018 Performance Rights plan (LTI) for an on-target benefit of US\$180,000 to a maximum benefit of US\$270,000

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 2018 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	31/08/2017	85,149	186,732	42,575	93,366	42,575	93,366	-	-
A.Mirkazemi	16/02/2016	31/08/2017	64,103	217,342	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	156,120	24,460	156,120	-	-	-	-
A.Mirkazemi	18/11/2016	1/09/2018	23,741	151,531	-	-	-	-	-	-
A.Mirkazemi	18/11/2016	1/09/2019	23,741	151,531	-	-	-	-	-	-
A.Mirkazemi	8/11/2017	31/08/2018	17,017	163,995	-	-	-	-	-	-
A.Mirkazemi	8/11/2017	31/08/2019	16,517	159,172	-	-	-	-	-	-
A.Mirkazemi	8/11/2017	31/08/2020	16,517	159,172	-	-	-	-	-	-
S.Kostynsky	26/08/2014	31/08/2017	15,611	34,234	7,806	17,117	7,805	17,117	-	-
S.Kostynsky	16/02/2016	31/08/2017	14,074	57,455	14,074	57,455	-	-	-	-
S.Kostynsky	16/02/2016	31/08/2018	14,074	57,455	-	-	-	-	-	-
S.Kostynsky	5/05/2017	1/09/2017	6,115	38,190	6,115	38,190	-	-	-	-
S.Kostynsky	5/05/2017	1/09/2018	5,935	37,067	-	-	-	-	-	-
S.Kostynsky	5/05/2017	1/09/2019	5,935	37,067	-	-	-	-	-	-
S.Kostynsky	10/08/2017	31/08/2018	5,319	35,838	-	-	-	-	-	-
S.Kostynsky	10/08/2017	31/08/2019	5,163	34,784	-	-	-	-	-	-
S.Kostynsky	10/08/2017	31/08/2020	5,163	34,784	-	-	-	-	-	-
H. Potts	16/02/2016	31/08/2017	33,777	137,892	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	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	-	-	-	-	-	-
H. Potts	10/08/2017	31/08/2018	9,043	60,923	-	-	-	-	-	-
H. Potts	10/08/2017	31/08/2019	8,777	59,131	-	-	-	-	-	-
H. Potts	10/08/2017	31/08/2020	8,777	59,131	-	-	-	-	-	-

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\$
J. Bedewi	5/05/2017	1/09/2017	8,806	54,994	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	-	-	-	-	-	-
J. Bedewi	10/08/2017	31/08/2018	7,660	51,606	-	-	-	-	-	-
J. Bedewi	10/08/2017	31/08/2019	7,434	50,088	-	-	-	-	-	-
J. Bedewi	10/08/2017	31/08/2020	7,434	50,088	-	-	-	-	-	-

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. 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 settled 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 2018 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\$
A.Mirkazemi	26/08/2014	31/08/2017	186,732	-	(93,366)	(93,366)	-	-
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	156,120	-	(156,120)	-	-	-
A.Mirkazemi	18/11/2016	1/09/2018	151,531	-	-	-	-	151,531
A.Mirkazemi	18/11/2016	1/09/2019	151,531	-	-	-	-	151,531
A.Mirkazemi	8/11/2017	31/08/2018	-	163,995	-	-	-	163,995
A.Mirkazemi	8/11/2017	31/08/2019	-	159,172	-	-	-	159,172
A.Mirkazemi	8/11/2017	31/08/2020	-	159,172	-	-	-	159,172

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\$
S.Kostynsky	26/08/2014	31/08/2017	34,234	-	(17,117)	(17,117)	-	-
S.Kostynsky	16/02/2016	31/08/2017	57,455	-	(57,455)	-	-	-
S.Kostynsky	16/02/2016	31/08/2018	57,455	-	-	-	-	57,455
S.Kostynsky	5/05/2017	1/09/2017	38,190	-	(38,190)	-	-	-
S.Kostynsky	5/05/2017	1/09/2018	37,067	-	-	-	-	37,067
S.Kostynsky	5/05/2017	1/09/2019	37,067	-	-	-	-	37,067
S.Kostynsky	10/08/2017	31/08/2018	-	35,838	-	-	-	35,838
S.Kostynsky	10/08/2017	31/08/2019	-	34,784	-	-	-	34,784
S.Kostynsky	10/08/2017	31/08/2020	-	34,784	-	-	-	34,784
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
H. Potts	10/08/2017	31/08/2018	-	60,923	-	-	-	60,923
H. Potts	10/08/2017	31/08/2019	-	59,131	-	-	-	59,131
H. Potts	10/08/2017	31/08/2020	-	59,131	-	-	-	59,131
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
J. Bedewi	10/08/2017	31/08/2018	-	51,606	-	-	-	51,606
J. Bedewi	10/08/2017	31/08/2019	-	50,088	-	-	-	50,088
J. Bedewi	10/08/2017	31/08/2020	-	50,088	-	-	-	50,088

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	Value of rights forfeited US\$
J. Bedewi	28/09/2016	31/08/2017	40,000	283,487	40,000	283,487	-	-	-	-
J. Bedewi	8/03/2018	8/03/2018	40,000	653,658	40,000	653,658	-	-	-	-

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 2018 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 vested US\$	Value of rights lapsed US\$	Value of rights lapsed US\$	Value of rights forfeited US\$	Value of rights at the end of the year US\$
J. Bedewi	28/09/2016	31/08/2017	283,487	-	(283,487)	-	-	-	-	-
J. Bedewi	8/03/2018	8/03/2018	-	653,658	(653,658)	-	-	-	-	-

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:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/other	Balance at the end of the year
<i>Ordinary shares</i>					
Samuel Weiss	1,935,207	-	5,000	-	1,940,207
Aram Mirkazemi	9,813,543	-	-	(200,000)	9,613,543
Sergiy Kostynsky	2,624,473	27,996	-	-	2,652,468
Raelene Murphy	-	-	7,791	-	7,791
Lynn Mickleburgh	-	-	11,600	-	11,600
Wendy Stops	-	-	40,000	-	40,000
Henry Potts	-	44,173	-	(44,173)	-
Joseph Bedewi	-	48,806	-	(48,806)	-
	14,373,223	120,975	64,391	(292,979)	14,265,610

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 2018 and 30 June 2017.

Indemnity and insurance of officers

During the year the group paid a premium of US\$288,182 (2017: US\$137,191) 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 2018
Sydney



Auditor's Independence Declaration

As lead auditor for the audit of Altium Limited for the year ended 30 June 2018, 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.

Eliza Penny
Partner
PricewaterhouseCoopers

Sydney
21 August 2018

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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 3, 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 21 August 2018. 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.

	Note	Consolidated	
		2018 US\$'000	2017 US\$'000
Revenue	3	140,368	110,957
Expenses			
Employee benefits expense		(63,437)	(52,343)
Depreciation and amortisation expense	9,10	(5,296)	(3,785)
Travel expense		(4,463)	(4,153)
Re-measurement of contingent consideration		(4,387)	(433)
Software and equipment expense		(4,333)	(2,565)
Rental and occupancy expense	4	(4,254)	(3,822)
Marketing expense		(3,516)	(3,096)
Professional advice expense	4	(2,770)	(2,214)
Communication expense		(2,679)	(1,892)
Share based payments	34	(2,371)	(2,132)
Finance costs	4	(62)	(89)
Restructuring costs	4	-	(1,952)
Net foreign exchange gain/(loss)		335	(30)
Other expenses		(3,432)	(2,979)
Profit before income tax expense		39,703	29,472
Income tax expense	5	(2,214)	(1,395)
Profit after income tax expense for the year attributable to the owners of Altium Limited	22	37,489	28,077
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(1,136)	(251)
Other comprehensive income for the year, net of tax		(1,136)	(251)
Total comprehensive income for the year attributable to the owners of Altium Limited		36,353	27,826
		Cents	Cents
Basic earnings per share	33	28.86	21.70
Diluted earnings per share	33	28.80	21.70

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

	Note	Consolidated	
		2018 US\$'000	2017 US\$'000
Assets			
Current assets			
Cash and cash equivalents	6	52,459	44,273
Trade and other receivables	7	38,799	32,631
Tax receivables		984	41
Other assets		3,187	2,861
Total current assets		95,429	79,806
Non-current assets			
Trade and other receivables	8	1,662	2,531
Property, plant and equipment	9	5,712	5,054
Intangible assets	10	49,068	40,459
Deferred tax assets	11	82,120	82,946
Total non-current assets		138,562	130,990
Total assets		233,991	210,796
Liabilities			
Current liabilities			
Trade and other payables	12	12,147	10,179
Tax liabilities	13	772	1,008
Provisions	14	6,784	7,600
Deferred revenue	16	43,989	38,436
Total current liabilities		63,692	57,223
Non-current liabilities			
Deferred tax liability	18	5,566	5,276
Provisions	15	3,974	703
Deferred revenue	17	6,035	6,958
Other liabilities	19	2,098	674
Total non-current liabilities		17,673	13,611
Total liabilities		81,365	70,834
Net assets		152,626	139,962
Equity			
Contributed equity	20	125,635	125,177
Reserves	21	12,625	12,275
Retained profits	22	14,366	2,510
Total equity		152,626	139,962

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

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

Consolidated	Contributed equity US\$'000	Reserves US\$'000	Retained Profit US\$'000	Total equity US\$'000
Balance at 1 July 2017	125,177	12,275	2,510	139,962
Profit after income tax expense for the year	-	-	37,489	37,489
Other comprehensive income for the year, net of tax		(1,136)	-	(1,136)
Total comprehensive income for the year	-	(1,136)	37,489	36,353

Transactions with owners in their capacity as owners:

Share-based payments (note 34)		1,486	-	1,486
Shares issued on acquisition of Upverter Inc, net of transaction costs	458	-	-	458
Dividends paid (note 23)	-	-	(25,633)	(25,633)
Balance at 30 June 2018	125,635	12,625	14,366	152,626

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

	Note	Consolidated	
		2018 US\$'000	2017 US\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		147,685	116,436
Payments to suppliers and employees (inclusive of GST)		(96,578)	(77,635)
Payment for expenses relating to acquisitions		(572)	(145)
		50,535	38,656
Interest received		192	92
Interest and other finance costs paid		(2)	(87)
Net income taxes paid		(2,243)	(2,800)
Net cash from operating activities	32	48,482	35,861
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	30	(3,681)	(603)
Payments on contingent and deferred considerations		(7,455)	(3,580)
Payments for property, plant and equipment	9	(2,824)	(4,343)
Payments for intangibles	10	(748)	(515)
Net cash used in investing activities		(14,708)	(9,041)
Cash flows from operating activities			
Dividends paid	23	(25,633)	(20,791)
Repayment of borrowings		(9)	(51)
Net cash used in financing activities		(25,642)	(20,842)
Net increase in cash and cash equivalents		8,132	5,978
Cash and cash equivalents at the beginning of the financial year		44,273	38,139
Effects of exchange rate changes on cash and cash equivalents		54	156
Cash and cash equivalents at the end of the financial year	6	52,459	44,273

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 or amended 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 2018 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. The principles of the new standard are applied using the following 5 steps:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract(s)
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
5. Recognise revenue when (or as) the entity satisfies each performance obligation.

We have considered the impact of the new standard across each of the five revenue streams; software license, subscription and maintenance, search advertising and other.

Based on our assessment, on adoption of the new standard by the Group using the modified method on 1 July 2018, there is unlikely to be any material impact.

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. Debt instruments currently classified as available-for-sale (AFS) financial assets 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 2018 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 Group operates and, as such, have identified four operating segments:

- Board and Systems;
- Electronic System Solutions;
- Cloud Applications;
- Corporate.

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 Electronic Systems Solutions segment includes results from TASKING and Nexus sales, operations and research and development.

The Cloud Applications segment includes the results from Octopart, Upverter and Ciiva.

Corporate consists of Research and development, global marketing and other administrative services.

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 2018 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 services;
- Service revenue;
- Search advertising.

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 2018	Boards and Systems US\$'000	Electronic Systems Solutions US\$'000	Cloud Applications US\$'000	Corporate US\$'000	Total US\$'000
Revenue					
Segment sales	112,667	19,862	12,012	-	144,541
Net adjustment for deferred revenue recognition	(3,861)	(504)	-	-	(4,365)
Interest Income	-	-	-	192	192
Total revenue	108,806	19,358	12,012	192	140,368
EBITDA	83,808	7,601	3,789	(50,329)	44,869
Depreciation and amortisation					(5,296)
Net interest					130
Profit before income tax expense					39,703
Income tax expense					(2,214)
Profit after income tax expense					37,489

Consolidated statement of financial performance 30 June 2017	Boards and Systems US\$'000	Electronic Systems Solutions US\$'000	Cloud Applications US\$'000	Corporate US\$'000	Total US\$'000
Revenue					
Segment sales	90,598	15,157	7,688	-	113,443
Net adjustment for deferred revenue recognition	(3,004)	372	-	-	(2,632)
Other revenue	41	-	13	-	54
Interest Income	-	-	-	92	92
Total revenue	87,635	15,529	7,701	92	110,957
EBITDA	63,871	5,744	1,845	(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 position 30 June 2018	Americas US\$'000	EMEA US\$'000	Emerging Markets* US\$'000	Asia Pacific US\$'000	Corporate US\$'000	Total US\$'000
Revenue	63,686	47,811	18,766	9,913	192	140,368
Assets						
Segment assets	37,562	25,609	6,909	6,469	74,338	150,887
<i>Unallocated assets:</i>						
Deferred tax asset						82,120
Income tax receivables						984
Total assets						233,991
Liabilities						
Segment liabilities	28,974	25,624	3,327	4,927	12,162	75,014
<i>Unallocated liabilities:</i>						
Provision for income tax						772
Deferred tax liability						5,566
Borrowings						13
Total liabilities						81,365
Consolidated statement of financial position 30 June 2017	Americas US\$'000	EMEA US\$'000	Emerging Markets* US\$'000	Asia Pacific US\$'000	Corporate US\$'000	Total US\$'000
Revenue	52,905	37,708	12,045	8,153	146	110,957
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

*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	
	2018 US\$'000	2017 US\$'000
<i>Sales revenue</i>		
Software license revenue	64,420	52,035
Subscription and maintenance revenue	56,996	46,260
Search advertising revenue	11,968	7,688
Service revenue	5,532	4,037
Other revenue	1,260	845
	140,176	110,865
Interest income	192	92
Revenue	140,368	110,957

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 licenses

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 and maintenance revenue

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

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.

Service revenue: Training

Revenue is recognised at the time the service is provided.

Service revenue: 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.

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.

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

	Consolidated	
	2018 US\$'000	2017 US\$'000
Profit before income tax includes the following specific expenses: Included in professional advice expense		
Costs associated with acquisitions	572	145
Restructuring costs		
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
Finance costs		
Interest and finance charges paid/payable	2	4
Unwinding of the discount on provisions	60	85
Finance costs expensed	62	89
Rental expense relating to operating leases		
Office rent	3,538	3,365
Equipment	16	43
Motor vehicle	96	83
Total rental expense relating to operating leases	3,650	3,491
Post-employment benefits		
Post-employment benefits: defined contribution	1,870	1,483
Research and development costs expensed		
Research and development costs incurred	18,841	16,596

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

All 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.

Expenditure on development activities is charged as incurred, or deferred where these costs are directly associated with either integration of acquired technology or the development of new technology and it is determined that the technology has reached technological feasibility. Costs are deferred to future periods to the extent that they are expected beyond any reasonable doubt to be recoverable. The costs capitalised comprises directly attributable costs, including costs of materials, services and direct labour. Deferred costs are amortised from the date of commercial release on a straight-line basis over the period of the expected benefit, which varies from 2 to 10 years.

Note 5. Income tax expense

	Consolidated	
	2018 US\$'000	2017 US\$'000
<i>Income tax expense</i>		
Current tax	2,397	3,767
Deferred tax	202	(1,199)
Adjustment recognised for prior periods	(385)	(1,173)
Aggregate income tax expense	2,214	1,395
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 11)	933	(649)
Decrease in deferred tax liabilities (note 18)	(731)	(550)
Deferred tax	202	(1,199)

	2018 US\$'000	2017 US\$'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	39,703	29,472
Tax at the statutory tax rate of 30%	11,911	8,842
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Share-based payments	390	640
Non-deductible - earnout	1,301	-
Non assessable interest income	(3,222)	(3,240)
Other items	217	156
	10,597	6,398
Adjustment recognised for prior periods	(385)	(1,173)
Difference in overseas tax rates	20,659	1,851
Temporary differences not recognised now recognised	(29,554)	(6,689)
Withholding tax	1,080	1,239
Other	(183)	(231)
Income tax expense	2,214	1,395

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 asset of US\$298.7 million (2017: US\$323.6 million) of which US\$264.8 million (2017: US\$198.3 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\$33.9 million (2017: US\$125.2 million) due to the unpredictability of future taxable profits.

At 30 June 2018, Altium has gross unused tax losses of US\$17.4 million (2017: US\$24.9 million) available for the offset against future profits for which no deferred tax asset has been recognised. These losses have primarily arisen in the USA and will expire 20 years from the date they were incurred.

The unrecorded potential deferred tax asset 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

Altium Limited and its wholly-owned Australian controlled entities formed a tax consolidated group in previous years. 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	
	2018 US\$'000	2017 US\$'000
Cash at bank	17,045	25,154
Deposit at call	35,414	19,119
	52,459	44,273

The value of bank guarantees at 30 June 2018 amounted to US\$1,425,241 (2017: US\$1,471,382).

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	
	2018 US\$'000	2017 US\$'000
Trade receivables	37,687	32,135
Less: Provision for impairment	(252)	(143)
	37,435	31,992
Other receivables	1,364	639
	38,799	32,631

Impairment of receivables

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

	Consolidated	
	2018 US\$'000	2017 US\$'000
0 to 3 months overdue	-	4
3 to 6 months overdue	39	40
Over 6 months overdue	213	99
	252	143

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

	Consolidated	
	2018 US\$'000	2017 US\$'000
Opening balance	143	97
Additional provisions recognised	185	103
Translation differences	5	(1)
Receivables written off during the year as uncollectable	(81)	(56)
Closing balance	252	143

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to US\$6,890,000 as at 30 June 2018 (US\$5,305,000 as at 30 June 2017).

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	
	2018 US\$'000	2017 US\$'000
0 to 1 month overdue	2,935	3,815
1 to 2 months overdue	1,275	432
Over 2 months overdue	2,680	1,058
	6,890	5,305

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	
	2018 US\$'000	2017 US\$'000
Trade receivables	687	1,876
Other receivables	975	655
	1,662	2,531

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

	Consolidated	
	2018 US\$'000	2017 US\$'000
Leasehold improvements - at cost	5,181	4,070
Less: Accumulated depreciation	(2,501)	(1,516)
	2,680	2,554
Plant and equipment - at cost	5,298	4,268
Less: Accumulated depreciation	(2,278)	(1,786)
	3,020	2,482
Plant and equipment under lease	27	50
Less: Accumulated depreciation	(15)	(32)
	12	18
	5,712	5,054

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 2016	2,458	2,557	76	5,091
Additions	869	3,441	6	4,316
Additions through business combinations (note 30)	16	25	-	41
Exchange differences	1	41	1	43
Transfers in/(out)	-	(2,263)	-	(2,263)
Depreciation expense	(790)	(1,319)	(65)	(2,174)
Balance at 30 June 2017	2,554	2,482	18	5,054
Additions	1,135	1,682	7	2,824
Additions through business combinations (note 30)	5	234	-	239
Exchange differences	28	1	-	29
Depreciation expense	(1,030)	(1,391)	(13)	(2,434)
Balance at 30 June 2018	2,692	3,008	12	5,712

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:

Leasehold improvements	3-7 years
Plant equipment	7 years
Office equipment	3-5 years
Computer hardware	2-3 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	
	2018 US\$'000	2017 US\$'000
Goodwill - at cost	27,151	19,612
Intellectual property - at cost	7,354	3,979
Less: Accumulated amortisation	(1,336)	(680)
	6,018	3,299
Customer relationships - at cost	16,333	16,333
Less: Accumulated amortisation	(3,110)	(1,775)
	13,223	14,558
Software intangibles - at cost	3,710	3,518
Less: Accumulated amortisation	(1,034)	(528)
	2,676	2,990
	49,068	40,459

The expected useful lives of the intangible assets are as follows:

Software intangibles	2-10 years
Customer relationships	10-15 years
Intellectual property	5-10 years

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 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
Transfers in/(out)	-	-	-	2,263	2,263
Amortisation expense	-	(394)	(1,179)	(38)	(1,611)
Balance at 30 June 2017	19,612	3,299	14,558	2,990	40,459
Additions	-	-	-	748	748
Additions through business combinations (note 30)	7,539	3,403	-	-	10,942
Exchange differences	-	(28)	-	(191)	(219)
Amortisation expense	-	(655)	(1,335)	(872)	(2,862)
Balance at 30 June 2018	27,151	6,019	13,223	2,675	49,068

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	
	2018 US\$'000	2017 US\$'000
Goodwill		
Board & Systems - Americas	8,324	4,159
Board & Systems - EMEA	5,383	5,384
Cloud Applications	13,444	10,069
Total	27,151	19,612

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 four 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 four-year plan. Four-year growth rates ranged between 11.2% to 13.5% for these CGUs (Board & Systems - Americas 11.2%, Board & Systems - EMEA 11.9% and Cloud Applications 13.5%). 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. Terminal growth rates used in the financial projections was 2.0%.

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 8.8% (Board & Systems - Americas 9.1%, Board & Systems - EMEA 8.5% and Cloud Applications 9.1%).

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.

Accounting policy for intangible assets

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 Upverter Inc. and PCB:NG Inc., the identifiable intangible assets include intellectual property. The fair value of these assets is determined by historical cost method on salary and expenses related to the input in developing the intellectual property.

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	
	2018 US\$'000	2017 US\$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	688	559
Property, plant and equipment	58	233
Employee benefits	235	245
Deferred rent	163	245
Intellectual property	79,011	79,011
Revenue received in advance	1,019	1,778
Provisions	328	285
Foreign currency translation	534	422
	82,036	82,778
Amounts recognised in equity:		
Transaction costs on share issue	84	168
Deferred tax asset	82,120	82,946

	2018 US\$'000	2017 US\$'000
Amount expected to be recovered within 12 months	26,995	18,992
Amount expected to be recovered after more than 12 months	55,125	63,954
	82,120	82,946

Movements:

Opening balance	82,946	82,301
(Charged)/credited to profit or loss (note 5)	(933)	649
Additions through business combinations (note 30)	105	-
Translation differences	2	(4)
Closing balance	82,120	82,946

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 judgments.

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 Group has recorded a deferred tax asset of US\$79.0 million in relation to assets previously transferred to the USA. The remainder of the unrecorded potential asset will be reassessed for probable utilisation each year.

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2018 US\$'000	2017 US\$'000
Trade payables	2,016	3,203
Deferred consideration	643	1,000
Other payables	9,488	5,976
	12,147	10,179

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	
	2018 US\$'000	2017 US\$'000
Provision for income tax	772	1,008

Note 14. Current liabilities - provisions

	Consolidated	
	2018 US\$'000	2017 US\$'000
Employee benefits	1,711	1,451
Contingent consideration	5,073	6,149
	6,784	7,600

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.

Movements in provisions

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

Consolidated - 2018	Contingent consideration US\$'000
Carrying amount at the start of the year	6,149
Additions through business combinations (note 30)	100
Amounts transferred from non-current (note 15)	535
Payments	(6,234)
Unwinding of interest	39
Change in provision from re-measurement of contingent consideration	4,386
Translation differences	98
Carrying amount at the end of the year	5,073

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	
	2018 US\$'000	2017 US\$'000
Long service leave obligation expected to be settled after 12 months	17	27

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.

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.

Note 15. Non-current liabilities - provisions

	Consolidated	
	2018 US\$'000	2017 US\$'000
Employee benefits	12	98
Contingent consideration	3,789	535
Lease make good	173	70
	3,974	703

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.

Movements in provisions

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

Consolidated - 2018	Contingent consideration US\$'000	Lease make good US\$'000
Carrying amount at the start of the year	535	70
Additional provisions recognised	-	100
Additions through business combinations (note 30)	3,789	-
Amounts transferred to current (note 14)	(535)	-
Translation differences	-	2
Unwinding of discount	-	1
Carrying amount at the end of the year	3,789	173

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

Note 16. Current liabilities - deferred revenue

	Consolidated	
	2018 US\$'000	2017 US\$'000
Deferred subscription and maintenance revenue	40,065	35,231
Other deferred revenue	3,924	3,205
	43,989	38,436

Note 17. Non-current liabilities - deferred revenue

	Consolidated	
	2018 US\$'000	2017 US\$'000
Deferred subscription and maintenance revenue	6,035	6,958

Note 18. Non-current liabilities - deferred tax liability

	Consolidated	
	2018 US\$'000	2017 US\$'000

Deferred tax liability comprises temporary differences attributable to:

Amounts recognised in profit or loss:

Property, plant and equipment	-	12
Intangible assets	5,566	5,109
Undistributed reserves	-	155
Deferred tax liability	5,566	5,276
Amount expected to be settled within 12 months	2,217	6
Amount expected to be settled after more than 12 months	3,349	5,270
	5,566	5,276

Movements:

Opening balance	5,276	4,793
Credited to profit or loss (note 5)	(731)	(550)
Additions through business combinations (note 30)	1,021	1,033
Closing balance	5,566	5,276

Note 19. Non-current liabilities - other liabilities

	Consolidated	
	2018 US\$'000	2017 US\$'000
Deferred consideration	1,716	-
Other payables	382	674
	2,098	674

Deferred consideration

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.

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			
	2018 Shares	2017 Shares	2018 US\$'000	2017 US\$'000
Ordinary shares – issued and fully paid	130,284,942	130,215,813	125,635	125,177

Movements in ordinary share capital

Details	Date	Shares	Issue price AU\$	US\$'000
Balance	1 July 2016	130,215,813		125,177
Balance	30 June 2017	130,215,813		125,177
Shares issued	23 February 2018	69,129	\$8.52	458
Balance	30 June 2018	130,284,942		125,635

Movements in treasury shares

Details	Date	Shares		
Balance	1 July 2016	1,241,007		
Less: Shares transferred to employees		(587,645)		
Balance	30 June 2017	653,362		
Less: Shares transferred to employees		(408,050)		
Balance	30 June 2018	245,312		

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	
	2018 US\$'000	2017 US\$'000
Foreign currency reserve	(132)	1,004
Equity compensation reserve	12,757	11,271
	12,625	12,275

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 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
Foreign currency translation	(1,136)	-	(1,136)
Share based payments	-	1,486	1,486
Balance at 30 June 2018	(133)	12,758	12,625

Note 22. Equity - retained profits

	Consolidated	
	2018 US\$'000	2017 US\$'000
Retained profits/(accumulated losses) at the beginning of the financial year	2,510	(4,776)
Profit after income tax expense for the year	37,489	28,077
Dividends paid (note 23)	(25,633)	(20,791)
Retained profits at the end of the financial year	14,366	2,510

Note 23. Equity - dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2018 US\$'000	2017 US\$'000
Final dividend for the year ended 30 June 2017 of AU 12 cents (2016: AU 10 cents)	12,534	9,830
Interim dividend for the half year ended 31 December 2017 of AU 13 cents (2016: AU 11 cents)	13,099	10,961
	25,633	20,791

The Directors have declared a final dividend of AU 14 cents per share for the year ended 30 June 2018. The dividend will be paid on 25 September 2018 based on a record date of 4 September 2018. This amounts to a total dividend of US\$13.5 million based on the 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	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Australian dollars	1,624	1,832	(6)	(50)
Euros	151	2,109	-	(1,189)
	1,775	3,941	(6)	(1,239)

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 - 2018	% change	US\$ strengthened Effect on profit after tax	Effect on equity	% change	US\$ weakened Effect on profit after tax	Effect on equity
Australian dollars	10%	103	103	(10%)	(126)	(126)
Euros	10%	10	10	(10%)	(12)	(12)
		113	113		(138)	(138)

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

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:

Consolidated	2018		2017	
	Weighted average interest rate %	Balance US\$'000	Weighted average interest rate %	Balance US\$'000
Cash	1.07%	36,688	0.33%	19,854
Receivables	4.73%	6	4.83%	9
Financial lease liabilities	4.50%	(18)	4.24%	(20)
Net exposure to cash flow interest rate risk		36,676		19,843

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:

Consolidated - 2018	Basis points change	Basis points increase Effect on profit after tax	Effect on equity	Basis points change	Basis points decrease Effect on profit after tax	Effect on equity
Net exposure	100	257	257	(50)	(128)	(128)

Consolidated - 2017	Basis points change	Basis points increase Effect on profit after tax	Effect on equity	Basis points change	Basis points decrease Effect on profit after tax	Effect on equity
Net exposure	100	139	139	(50)	(69)	(69)

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 - 2018	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	-	11,773	-	-	-	11,773
Deferred consideration	-	643	867	849	-	2,359
Contingent consideration	-	5,073	1,000	2,789	-	8,862
<i>Interest-bearing - fixed rate</i>						
Lease liability	4.50%	5	6	7	-	18
Total non-derivatives		17,494	1,873	3,645	-	23,012

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

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
Sergiy Kostynsky - appointed 1 January 2018	Executive Director
Raelene Murphy	Non-executive Director
Lynn Mickleburgh	Non-executive Director
Wendy Stops - appointed 1 February 2018	Non-executive Director
Dr David Warren - retired 31 December 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 Sales Officer
Joseph Bedewi	Chief Financial Officer

Compensation

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

	Consolidated	
	2018 US\$'000	2017 US\$'000
Short-term employee benefits	4,200,318	2,652,689
Post-employment benefits	36,655	33,910
Share-based payments	1,991,601	1,631,671
	6,228,574	4,318,270

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 2018 (2017: Nil). Refer to note 28 for further details.

Note 26. Commitments

	Consolidated	
	2018 US\$'000	2017 US\$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	4,429	3,744
One to five years	7,155	5,361
More than five years	41	145
	11,625	9,250
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	5	9
One to five years	13	12
Total commitment	18	21
Less: Future finance charges	(2)	(1)
Net commitment recognised as liabilities	16	20

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	
	2018 US\$'000	2017 US\$'000
<i>Audit services - PricewaterhouseCoopers</i>		
Audit or review of the financial statements	329,468	310,587
<i>Other services - PricewaterhouseCoopers</i>		
Tax consulting and tax advice	20,368	7,904
	349,836	318,491
<i>Other services - network firms</i>		
Tax compliance services, including review of company income tax return	26,445	29,783
Tax consulting and tax advice	-	7,424
	26,445	37,207
<i>Audit services - unrelated firms</i>		
Audit or review of the financial statements	64,770	55,142
<i>Other services - unrelated firms</i>		
Tax compliance services, including review of company income tax return	383,494	394,626
Tax consulting and tax advice	148,193	262,593
	531,687	657,219
	596,457	712,361

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.

The Altium group subsidiaries are listed below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2018 %	2017 %
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 BV	Netherlands	100.00%	100.00%
Altium Netherlands 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%
Altium UK Limited	United Kingdom	100.00%	100.00%
Altium Sweden AB	Sweden	100.00%	100.00%
Altium Vietnam Company Limited	Vietnam	100.00%	100.00%
Altium Poland Sp.z.o.o	Poland	100.00%	100.00%
Perception Software Inc.	USA	100.00%	100.00%
Altium Canada Limited (previously Upverter Inc.)	Canada	100.00%	-
PCB:NG Inc.	USA	100.00%	-

Note 29. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2018 US\$'000	2017 US\$'000
Profit after income tax	8,499	12,106
Total comprehensive income	8,499	12,106

Statement of financial position

	Parent	
	2018 US\$'000	2017 US\$'000
Total current assets	73,202	59,892
Total assets	336,032	317,908
Total current liabilities	90,392	58,199
Total liabilities	92,364	58,863
Equity		
Contributed equity	125,635	125,177
Foreign currency reserve	2,783	2,783
Equity compensation reserve	12,570	11,271
Retained profits	102,680	119,814
Total equity	243,668	259,045

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\$283,752 (2017: US\$359,324).

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2018 and 30 June 2017.

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 25 August 2017, the Group acquired 100% of the issued shares in Upverter Inc., a Canadian based developer of fully cloud, fully collaborative electronics design system software company for a fair value consideration of CAD6,930,000 (US\$5,533,000).

On 5 June 2018, the Group acquired 100% of the issued shares in PCB:NG Inc., an American based printed circuit board manufacturing company for a fair value consideration of US\$4,776,000.

Details of the acquisitions are as follows :

	Upverter Inc. US\$'000	PCB:NG Inc. US\$'000
Cash and cash equivalents	19	5
Trade and other receivables	6	18
Plant and equipment	1	238
Intellectual property	3,053	350
Deferred tax asset	-	105
Trade and other payables	(4)	-
Deferred tax liability	(916)	(105)
Net assets acquired	2,159	611
Goodwill	3,374	4,165
Acquisition-date fair value of the total consideration transferred	5,533	4,776
Representing:		
Cash paid or payable to vendor	2,817	888
Deferred consideration	2,716	-
Contingent consideration	-	3,888
	5,533	4,776
Acquisition costs expensed to profit or loss	347	225

Upverter Inc

Deferred Consideration

The total fair value consideration is split into cash of CAD3,528,600 (US\$2,817,000) and deferred consideration over a three year period payable via the issuance of Altium Limited shares to the equivalent of CAD3,401,400 (US\$2,716,000).

Acquisition related costs

Acquisition related costs of US\$347,000 are included in the professional advice expense in profit or loss.

Revenue and profit contribution

Upverter Inc. contributed gross revenues of CAD38,000 (US\$30,000) and net loss of CAD1,330,000 (US\$1,030,000) to the group for the period from 25 August 2017 to 30 June 2018.

PCB:NG Inc.

Contingent consideration

The contingent consideration arrangement requires the Group to pay the former owners of PCB:NG Inc. consideration up to a maximum total undiscounted amount of US\$5,000,000 over three years following acquisition inclusive of the initial cash payment of US\$888,000. The quantum of amounts payable under the agreement are based on achieving specific sales and profit targets. The fair value of the contingent consideration arrangement of US\$3,888,000 was estimated calculating the undiscounted future expected cash flows. The estimates are based on assumed probability-adjusted total sales of PCB:NG Inc. for the three years ending 30 June 2021.

Acquisition related costs

Acquisition related costs of US\$225,000 are included in professional advice expense in profit or loss.

Revenue and profit contribution

PCB:NG Inc. contributed gross revenues of US\$9,500 and net loss of US\$30,000 to the group for the period from 5 June 2018 to 30 June 2018.

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

No matter or circumstance has arisen since 30 June 2018 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	
	2018 US\$'000	2017 US\$'000
Profit after income tax expense for the year	37,489	28,077
Adjustments for:		
Depreciation and amortisation	5,296	3,785
Share-based payments	2,371	2,132
Unrealised foreign exchange differences	(451)	258
Change in operating assets and liabilities:		
Increase in trade and other receivables	(3,958)	(685)
Decrease/(increase) in deferred tax assets	1,121	(1,148)
Increase in income tax payable	(1,151)	(399)
Increase in deferred revenue	4,184	1,984
Decrease/(increase) in other operating assets	(632)	164
Increase in trade and other payables	601	2,103
Increase/(decrease) in other provisions	4,498	(410)
Decrease in Equity Compensation Reserve (cash)	(886)	-
Net cash from operating activities	48,482	35,861

Note 33. Earnings per share

	Consolidated	
	2018 US\$'000	2017 US\$'000
Profit after income tax attributable to the owners of Altium Limited	37,489	28,077
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	129,888,195	129,380,287
Adjustments for calculation of diluted earnings per share:		
Shares to be issued as part of a business combination	292,609	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	130,180,804	129,380,287
	Cents	Cents
Basic earnings per share	28.86	21.70
Diluted earnings per share	28.80	21.70

For the years ending 30 June 2018 and 30 June 2017 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 2018 Directors of the company granted 40,000 shares to 1 employee of Altium Limited and its subsidiaries. The shares vested on the 8 March 2018.

2018

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	100,000	-	(100,000)	-	-
30/06/2015	01/07/2017	\$3.39	50,000	-	(50,000)	-	-
28/09/2016	31/08/2017	\$9.24	40,000	-	(40,000)	-	-
08/03/2018	08/03/2018	\$20.92	-	40,000	(40,000)	-	-
			190,000	40,000	(230,000)	-	-

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

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 years ended 30 June 2018, 30 June 2017 and 30 June 2016 relates to three performance periods being the current and the next two financial years and has a performance condition related to earnings per share (EPS) growth targets. These hurdles were based directly on the Group'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 Group's Strategic Plan.

2018

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
26/08/2014	31/08/2017	\$2.58	75,924	-	(75,924)	-	-
16/02/2016	31/08/2017	\$5.75	148,547	-	(148,547)	-	-
16/02/2016	31/08/2018	\$5.75	148,547	-	-	(5,630)	142,917
05/05/2017	01/09/2017	\$8.44	74,074	-	(74,074)	-	-
05/05/2017	01/09/2018	\$8.44	71,896	-	-	(3,561)	68,335
05/05/2017	01/09/2019	\$8.44	71,896	-	-	(3,561)	68,335
10/08/2017	31/08/2018	\$8.55	-	45,107	-	-	45,107
10/08/2017	31/08/2019	\$8.55	-	43,780	-	-	43,780
10/08/2017	31/08/2020	\$8.55	-	43,780	-	-	43,780
08/11/2017	31/08/2018	\$12.55	-	17,017	-	-	17,017
08/11/2017	31/08/2019	\$12.55	-	16,517	-	-	16,517
08/11/2017	31/08/2020	\$12.55	-	16,517	-	-	16,517
22/01/2018	31/08/2018	\$14.49	-	916	-	(916)	-
22/01/2018	31/08/2019	\$14.49	-	889	-	(889)	-
22/01/2018	31/08/2020	\$14.49	-	889	-	(889)	-
13/02/2018	31/08/2018	\$14.59	-	346	-	-	346
13/02/2018	31/08/2019	\$14.59	-	336	-	-	336
13/02/2018	31/08/2020	\$14.59	-	336	-	-	336
			590,884	186,430	(298,545)	(15,446)	463,323

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
26/08/2014	31/08/2016	\$2.58	93,309	-	(93,309)	-	-
26/08/2014	31/08/2017	\$2.58	93,309	-	-	(17,385)	75,924
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	-	74,074	-	-	74,074
05/05/2017	01/09/2018	\$8.44	-	71,896	-	-	71,896
05/05/2017	01/09/2019	\$8.44	-	71,896	-	-	71,896
			658,698	217,866	(252,533)	(33,147)	590,884

Share Based Payment Expense

	Consolidated	
	2018 US\$'000	2017 US\$'000
Shares issued under the Share Plan and Performance Rights Plan	2,371	2,132

The Altium Share and Option Plan Trust is used to hold shares for share and option plans. As at 30 June 2018 the trust held 245,312 ordinary shares (2017: 653,362).

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 attached financial statements and notes comply 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 2018 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 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

21 August 2018
Sydney



Independent auditor's report

To the members 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 2018 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 Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2018
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income 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
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$1.89 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 benchmark 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. 	<ul style="list-style-type: none"> 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 a finance function in Sydney that supports the Group's operations. Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Management Committee: <ul style="list-style-type: none"> – Recoverability of deferred tax assets – Carrying value of goodwill <p>These are further described in the <i>Key audit matters</i> section of our report.</p>

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
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<p>Recoverability of deferred tax assets <i>Refer to note 5 and 11</i></p> <p>The Group has recognised a deferred tax asset of \$82.1 million as at 30 June 2018. This includes a temporary difference of \$79.0 million which is the partial recognition of a total temporary difference of \$89.1 million (net) as at 30 June 2018 which arose as a result of the relocation of the Group’s core business to the USA during 2015.</p> <p>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.</p> <p>This was 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.</p>	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> 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 prior forecasted profits to actual results to assess the Group’s ability to forecast future profits. Performed a sensitivity analysis using a range of alternative growth rate assumptions to those used in the forecast of future profits. With the assistance of PwC tax specialists, 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 2018. Tested the mathematical accuracy, and reperformed the calculations of the deferred tax asset balances.
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<p>Carrying value of goodwill <i>Refer to note 10</i></p> <p>The Group has goodwill and other definite lived intangibles of \$27.1m as at 30 June 2018. Australian Accounting standards require an annual impairment assessment.</p> <p>In order to assess the recoverability of these assets, the Group prepared financial models at 30 June 2018 to determine if the carrying value of goodwill was supported by forecast future cash flows, discounted to present value (“the model”).</p> <p>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.</p>	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> 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. Compared the Group’s forecast future cash flows over the relevant period to the approved budget. Assessed the Group’s ability to forecast future cash flows for the business by comparing historical budgets with reported actual results for the period since acquisition. With the assistance of PwC valuation experts, 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.
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Key audit matter

How our audit addressed the key audit matter

- With the assistance of PwC valuation experts, 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 through the creation of an independent shadow calculation.
- Performed a sensitivity analysis of the model using a range of alternative growth rate and discount rate assumptions.
- Tested 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 comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Corporate directory, Directors' report and Corporate Governance Statement. We expect the remaining other information to be made available to us after the date of this auditor's report, including Information for Shareholders.

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 *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

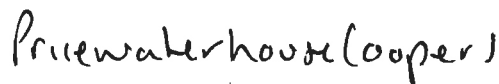
Our opinion on the remuneration report

We have audited the remuneration report included in pages 15 to 24 of the Directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Altium Limited for the year ended 30 June 2018 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
21 August 2018

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

The shareholder information set out below was current as at 10 September 2018

a) Number of shareholders

As at 10 September 2018, there were 14,473 Altium Limited shareholders, holding 130,382,478 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	8,751	-
1,001 – 5,000	4,717	-
5,001 – 10,000	627	-
10,001 – 100,000	323	-
100,001 – and over	55	-
Total	14,473	-

Less than Marketable Parcel - There were 160 holders of a less than marketable parcel of ordinary shares (minimum \$500 parcel at \$25.75 per unit, minimum parcel size 20 units).

c) Unquoted equity securities

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

d) Substantial shareholders

The substantial holders in the company are set out below

Rank	Name	Number of shares	%
1	Mirkazemi Holdings Pty Ltd	9,718,403	7.45%
Total		9,718,403	7.45%

e) Equity security holders

Twenty largest quoted equity security holders

Rank	Name	Units Ordinary Shares	% of Share Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,364,019	23.29
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	22,306,417	17.11
3	CITICORP NOMINEES PTY LIMITED	10,914,611	8.37
4	NATIONAL NOMINEES LIMITED	8,511,572	6.53
5	MR ARAM MIRKAZEMI + MRS LAILANI MIRKAZEMI <FAMILY A/C>	6,913,000	5.30
6	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,130,154	2.40
7	SERGEY & SLAVA PTY LTD <KOSTYNSKY FAMILY A/C>	2,228,125	1.71
8	MIRKAZEMI HOLDINGS PTY LTD <MIRKAZEMI SUPER FUND A/C>	2,050,000	1.57
9	MUTUAL APPRECIATION SOCIETY PTY LTD <GARB-WEISS SUPER FUND A/C>	1,940,207	1.49
10	BNP PARIBAS NOMS PTY LTD <DRP>	1,938,287	1.49
11	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	974,578	0.75
12	MR SHAHRAM MIRKAZEMI	620,016	0.48
13	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL>	606,000	0.46
14	INVIA CUSTODIAN PTY LIMITED <MARC CLAUDE DEPRET A/C>	543,252	0.42
15	MRS NANCI CATHERINE MOORE	526,000	0.40
16	ARAM MIRKAZEMI	525,543	0.40
17	AMP LIFE LIMITED	494,721	0.38
18	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	430,879	0.33
19	UBS NOMINEES PTY LTD	429,347	0.33
20	MR MARTIN IAN IVE + MRS RACHEL ANNE IVE <IVE INVESTMENTS A/C>	411,696	0.32
Total	Top 20 holders of ordinary fully paid shares	95,858,424	73.52

f) Issue approved under Item 7, s611 Corporations Act

There have been NO issues of +securities approved for the purposes of Item 7 of section 611 of the Corporations Act which have not yet been completed.

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

There were NO securities purchased on-market: under or for the purposes of an +employee incentive scheme; or to satisfy the entitlements of the holders of options or other rights to acquire +securities granted under an +employee incentive scheme.

h) Voting rights

- 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
- Options: No voting rights

i) Share buy-back

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

j) Securities subject to escrow

There are currently no shares under escrow.

k) Altium major announcements to the ASX*

Date	Announcement
07-Sep-18	Change of Director's Interest Notice - Aram Mirkazemi
07-Sep-18	Change of Director's Interest Notice - Sergiy Kostynsky
24-Aug-18	Ceasing to be a substantial holder
24-Aug-18	Appendix 3B
21-Aug-18	2018 Appendix 4G
21-Aug-18	2018 Corporate Governance Statement
21-Aug-18	Full Year Investor Presentation
21-Aug-18	Altium Announces Final Audited Results as at 30 June 2018
21-Aug-18	Dividend/Distribution - ALU
21-Aug-18	Preliminary Final Report
16-Aug-18	Becoming a substantial holder
31-Jul-18	Ceasing to be a substantial holder
13-Jul-18	Altium Announces FY18 Release Date & Investor Call Details
03-Jul-18	Change of Director's Interest Notice - Raelene Murphy
28-Jun-18	Becoming a substantial holder
10-May-18	Change of Director's Interest Notice - Wendy Stops
01-May-18	Change of Director's Interest Notice - Sam Weiss
09-Apr-18	Ceasing to be a substantial holder
05-Apr-18	Becoming a substantial holder
04-Apr-18	Change of Director's Interest Notice - Aram Mirkazemi
23-Feb-18	Appendix 3B - Share Issue
19-Feb-18	Half Year Investor Presentation
19-Feb-18	Altium Announces Results for Half Year to 31 Dec 2017
19-Feb-18	Dividend/Distribution - ALU
19-Feb-18	Half Yearly Report and Accounts
01-Feb-18	Initial Director's Interest Notice - Wendy Stops
29-Jan-18	Notification of Dates for release of Half Yearly Results
02-Jan-18	Final Director's Interest Notice - David Warren
02-Jan-18	Initial Director's Interest Notice - Sergiy Kostynsky
04-Dec-17	Change of Director's Interest Notice - Raelene Murphy
09-Nov-17	Change of Director's Interest Notice - Aram Mirkazemi
08-Nov-17	Results of 2017 Annual General Meeting

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

l) Annual General Meeting

Date: Friday, 16 November 2018

Time: 2pm

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

m) 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

Computershare Office Addresses

Sydney	Level 4, 60 Carrington Street, Sydney, NSW, 2000
Melbourne	Yarra Falls, 452 Johnston Street, Abbotsford, VIC, 3067
Adelaide	Level 5, 115 Grenfell Street, Adelaide, SA, 5000
Brisbane	Level 1, 200 Mary Street, Brisbane QLD 4000

n) 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.

o) 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 & Kim Besharati

p) 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

Altium[®]

www.altium.com