Directors' report

The directors of Altium Limited present their report on the consolidated entity consisting of Altium Limited and the entities it controlled at the end of, or during, the year ended 30 June 2006.

Directors

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

Carl J Rooke
Nicholas M Martin
Kayvan Oboudiyat
William A Bartee
David M Warren

Bruce W Edwards resigned as Non-executive Director on 15 July 2005. Dr Steven G Duvall resigned as Non-executive Director on 15 July 2005. Darren Charles resigned as Executive Director on 15 July 2005. Darren Charles continues in his capacity as Chief Financial Officer at the date of this report.

Principal activities and review of operations

The consolidated entity's principal activities during the year continued to be that of the design, development and sale of computer software for the design of electronic products.

Refer to the review of operations and activities on page 13 for further commentary.

Results

	Consolidated	
	2006	2005
	$'000	$'000
Profit (loss) before income tax	1,029	(3,968)
Income tax benefit	386	2,364
Profit (loss) from continuing operations after income tax	**1,415**	**(1,604)**

Earnings per share

	Consolidated	
	2006	2005
	cents	cents
Basic earnings per share	1.6	(1.8)
Diluted earnings per share	1.6	(1.8)

Dividends

No dividends were paid or declared during the financial year ended 30 June 2006 (2005: $nil).

On 21 August 2006 the directors declared a final unfranked dividend of 4 cents per share, for the year ended 30 June 2006.

Information on directors

Director	Experience and expertise	Special responsibilities	Interest in Altium Limited shares and options	
			Ordinary shares	Options
Carl J Rooke* FCA FAICD Non-executive Chairman	Non-executive Director for 16 years. Chairman for 7 years. Managing Partner of Horwath Tas Pty. Former Chairman of Horwath Australia.	Non-executive Chairman. Chairman of the remuneration and nomination committees. Member of the audit and risk management committee.	465,365	160,000
Nicholas M Martin* Chief Executive Officer	Chief Executive Officer and Founder. Executive Director for 19 years.	Chief Executive Officer. Member of the nomination committee.	22,444,000	-

Information on directors (continued)

Director	Experience and expertise	Special responsibilities	Interest in Altium Limited shares and options	
			Ordinary Shares	Options
Kayvan Oboudiyat* BE (Hons) GDA Executive Vice Chairman	Executive Vice Chairman for 1 year. Joint Chief Executive Officer for 6 years prior. Managing Director for 2 years prior. Former Senior Executive in the International Business Unit of Telstra.	Executive Vice Chairman. Company Secretary.	1,187,500	1,200,000
William A Bartee* BS MBA JD Non-executive Director	Non-executive Director for 7 years. Managing Director of Globalview Technology Ventures, LLC. Former Investment Director of Macquarie Technology Funds Pty Limited. Former CEO of Mantara, a messaging software company.	Chairman of the audit and risk management committee. Member of the remuneration and nomination committees.	-	80,000
David M Warren* BSc (Hons) MAIP MAICD Non-executive Director	Non-executive Director for 2 years. Executive Director for 13 years prior.	Member of audit and risk management and remuneration committees.	5,523,000	-

* All directors hold no other current directorships and have no former directorships in the last 3 years

Directors' meetings

The number of meetings of the company's board of directors held during the year ended 30 June 2006 and attended by each director were:

		Meetings of committees		
	Full meetings of directors	Audit and risk management	Nomination	Remuneration
Number of meetings held	8	3	1	1
Number of meetings attended by:				
Carl J Rooke	8	3	1	1
Nicholas M Martin	8	-*	1	-*
Kayvan Oboudiyat	8	-*	-*	-*
William A Bartee	7	3	1	1
David M Warren	7	1***	-	1***
Dr Steven G Duvall	-	-**	-**	-**
Darren Charles	-	-*	-*	-*
Bruce W Edwards	-	-*	-*	-*

* Not a member of the relevant committee
** On 15 July 2005 Dr Steven G Duvall resigned as member of the audit and risk management and remuneration committees
*** David M Warren replaced Dr Steven G Duvall as member of the audit and risk management and remuneration committees on 15 July 2005

Remuneration report (Audited)

Directors and senior executives

The remuneration committee is responsible for advising the board on remuneration policies and packages for board members and senior executives. Members of the remuneration committee are Carl J Rooke, William A Bartee and David M Warren.

Remuneration of directors and senior executives is determined so as to ensure that the package properly reflects the relevant person's duties and responsibilities and that the package is competitive to attract and retain services of high quality management. Remuneration packages include a base salary, superannuation and other benefits. Directors and executives are also eligible to participate in the company's option plans. Options offered to directors and senior executives are not dependant on performance criteria. Please refer to note 24 for director and other key management personnel disclosures.

Remuneration and other terms of employment for each board member are formalised in service agreements.

Remuneration of non-executive directors is determined by the board within the maximum amount of cash salary ($350,000 p.a.) approved by the shareholders from time to time and is formalised in service agreements.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and each of the five officers of the company and the consolidated entity receiving the highest emoluments, which includes key management personnel as defined by *AASB124 Related Party Disclosures*, are set out in the following tables.

The key management personnel of the group include the directors as per pages 14 to 15 and the following executive officers:

Darren Charles*	Chief Financial Officer
Emma Lo Russo	Chief Operating Officer
Michael Stipe	Vice President, Sales Americas
Peter Murman	Managing Director, Amersfoort Technology Centre
Frank Hoschar	Managing Director, Sales and Support Europe

* Darren Charles resigned as Executive Director on 15 July 2005. Darren Charles continues in his capacity as Chief Financial Officer at the date of this report.

Non-executive directors of Altium Limited

2006

	Short term benefits					Post-employment	Equity	Total
	Directors' base fee $	Base salary $	Motor vehicle $	Bonus $	Other benefits $	Superannuation $	Options $	$
Carl J Rooke	110,000	-	-	-	-	-	6,347	116,347
William A Bartee	56,105	-	-	-	-	5,048	3,173	64,326
David M Warren	37,403	-	-	-	-	3,366	-	40,769
Dr Steven G Duvall*	3,176	-	-	-	-	286	-	3,462
Bruce W Edwards**	2,117	31,046^	-	-	-	2,590	-	35,753
Total	**208,801**	**31,046**	**-**	**-**	**-**	**11,290**	**9,520**	**260,657**

* Dr Steven G Duvall resigned as Non-executive Director on 15 July 2005
** Bruce W Edwards resigned as Non-executive Director on 15 July 2005
^ Payments made in relation to Bruce W Edwards' base salary relate to his employment as an Executive Director for the financial year ending 30 June 2005

2005

	Short term benefits					Post-employment	Options	Total
	Directors' base fee $	Base salary $	Motor vehicle $	Bonus $	Other benefits $	Superannuation $	$	$
Carl J Rooke	110,000	-	-	-	-	-	27,463	137,463
William A Bartee	55,046	-	-	-	-	4,954	6,130	66,130
David M Warren	36,344	-	-	-	-	3,271	-	39,615
Dr Steven G Duvall	55,046	-	-	-	-	4,954	-	60,000
Bruce W Edwards	12,766	-	-	-	-	1,355	2,648	16,769
Total	**269,202**	**-**	**-**	**-**	**-**	**14,534**	**36,241**	**319,977**

Remuneration report (continued)

Executive directors of Altium Limited

2006

	Short term benefits					Post-employment	Equity	Total
	Directors' base fee $	Base salary $	Motor vehicle $	Bonus $	Other benefits $	Superannuation $	Options $	$
Nicholas M Martin	-	331,269	-	-	1,234	29,814	-	362,317
Kayvan Oboudiyat	40,769	223,032	-	-	667	87,834	47,602	399,904
Darren Charles*	3,077	-	-	-	-	-	-	3,077
Total	**43,846**	**554,301**	**-**	**-**	**1,901**	**117,648**	**47,602**	**765,298**

* Darren Charles resigned as Executive Director on 15 July 2005. Darren Charles continues in his capacity as Chief Financial Officer at the date of this report.

2005

	Short term benefits					Post-employment	Equity	Total
	Directors' base fee $	Base salary $	Motor vehicle $	Bonus $	Other benefits $	Superannuation $	Options $	$
Nicholas M Martin	-	1	-	-	455	-	-	456
Kayvan Oboudiyat	40,000	226,883	-	-	434	78,117	205,970	551,404
Darren Charles	40,007	141,681	19,181	-	-	14,295	22,503	237,667
David M Warren	3,077	9,626	-	-	-	1,143	-	13,846
Bruce W Edwards	26,154	188,572	-	-	-	8,856	11,604	235,186
Total	**109,238**	**566,763**	**19,181**	**-**	**889**	**102,411**	**240,077**	**1,038,559**

Other executives of Altium Limited (including key management personnel of the group)

2006

	Short term benefits				Post-employment	Equity	Total
	Base salary $	Motor vehicle $	Bonus $	Other benefits $	Superannuation $	Options $	$
Darren Charles Chief Financial Officer	191,468	8,048	20,000	2,975	16,919	9,378	248,788
Emma Lo Russo Chief Operating Officer	170,692	-	21,740	1,809	17,319	2,889	214,449
Benjamin Wells Director, Sydney Technology Center	157,981	-	20,000	1,679	14,603	10,750	205,013
Alan Perkins Chief Information Officer	147,432	10,829	-	1,359	14,218	10,710	184,548
Marc Depret Software Architect	142,692	-	4,500	-	13,247	15,857	176,296
Total	**810,265**	**18,877**	**66,240**	**7,822**	**76,306**	**49,584**	**1,029,094**

2005

	Short term benefits				Post-employment	Equity	Total
	Base salary $	Motor vehicle $	Bonus $	Other benefits $	Superannuation $	Options $	$
Matthew Schwaiger Director, Product Management	134,884	54,329	-	-	12,140	83,606	284,959
Marc Depret Software Architect	132,850	9,941	30,000	-	15,438	62,735	250,964
Alan Perkins Chief Information Officer	127,855	11,289	20,000	-	14,326	72,711	246,181
Dejan Stankovic Software Architect	136,813	-	30,000	-	15,013	60,468	242,294
Jason Hingston Software Architect	130,761	7,218	20,000	-	13,984	55,717	227,680
Total	**663,163**	**82,777**	**100,000**	**-**	**70,901**	**335,237**	**1,252,078**

Remuneration report (continued)

Other executives of the consolidated entity (including key management personnel of the group)

2006

	Short term benefits				Post-employment	Equity	Total
	Base salary $	Motor vehicle $	Bonus $	Other benefits $	Superannuation $	Options $	$
Michael Stipe Vice President, Sales Americas	145,705	-	260,973	9,037	9,346	2,803	427,864
Matthew Schwaiger Director, Support Americas	169,748	29,382	3,739	54,561^	7,108	15,867	280,405
Klaus Pontius* Regional Director, Europe	242,051	16,324	-	4,883	-	6,180	269,438
Peter Murman Managing Director, Amersfoort Technology Centre	199,673	-	7,292	11,092	40,350	10,542	268,949
Frank Hoschar Managing Director, Sales and Support Europe	218,116	17,848	-	8,351	-	4,745	249,060
Total	**975,293**	**63,554**	**272,004**	**87,924**	**56,804**	**40,137**	**1,495,716**

^ Included in Matthew Schwaiger's other benefits is a relocation allowance of $44,292
* Klaus Pontius resigned as Regional Director, Europe on 24 April 2006

2005

	Short term benefits				Post-employment	Equity	Total
	Base salary $	Motor vehicle $	Bonus $	Other benefits $	Superannuation $	Options $	$
Peter Murman Managing Director, Amersfoort Technology Centre	183,458	-	5,373	12,593	34,323	56,539	292,286
Frank Hoschar Director, Strategic Marketing	224,307	16,507	-	17,722	-	31,325	289,861
Rene Mooijman Managing Director, Contract Product Development	141,175	31,910	-	9,208	47,606	52,212	282,111
Klaus Pontius* Regional Director, Europe	224,307	18,454	-	7,145	-	30,435	280,341
Nancy Eastman Regional Director, USA	182,733	-	-	4,781	20,733	30,536	238,783
Total	**955,980**	**66,871**	**5,373**	**51,449**	**102,662**	**201,047**	**1,383,382**

* Klaus Pontius resigned as Regional Director, Europe on 24 April 2006

Service agreements

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

Carl J Rooke, Non-executive Director and Chairman

- Open agreement with no fixed term
- Director's base fee of $110,000 for the year ended 30 June 2006

Nicholas M Martin, Executive Director and Chief Executive Officer

- Open agreement with no fixed term
- Base salary of $359,700, inclusive of superannuation, for the year ended 30 June 2006

Kayvan Oboudiyat, Executive Director and Vice Chairman

- Open agreement with no fixed term
- Base salary of $305,000, inclusive of superannuation, for the year ended 30 June 2006
- Director's base fee of $40,000 for the year ended 30 June 2006

William A Bartee, Non-executive Director

- Open agreement with no fixed term
- Director's base fee of $60,000, inclusive of superannuation, for the year ended 30 June 2006

Dr Steven G Duvall, Non-executive Director

- Open agreement with no fixed term
- Director's base fee of $60,000, inclusive of superannuation, for the year ended 30 June 2006

Dr Steven G Duvall resigned as Non-executive Director on 15 July 2005

Remuneration report (continued)

Darren Charles, Chief Financial Officer
- Open agreement with no fixed term
- Base salary of $212,550, inclusive of superannuation, for the year ended 30 June 2006

Darren Charles resigned as Executive Director on 15 July 2005

Bruce W Edwards, Non-executive Director
- Open agreement with no fixed term
- Director's base fee of $40,000, inclusive of superannuation, for the year ended 30 June 2006

Bruce W Edwards resigned as Non-executive Director on 15 July 2005

David M Warren, Non-executive Director
- Open agreement with no fixed term
- Director's base fee of $40,000 for the year ended 30 June 2006

Emma Lo Russo, Chief Operating Officer
- Open agreement with no fixed term
- Base salary of $218,000, inclusive of superannuation, for the year ended 30 June 2006
- Notice period for terminating contract is 3 weeks

Michael Stipe, Vice President, Sales Americas
- Open agreement with no fixed term
- Base salary of US$150,000 for the year ended 30 June 2006

Peter Murman, Managing Director, Amersfoort Technology Centre
- Open agreement with no fixed term
- Base salary of €111,111 for the year ended 30 June 2006
- Notice period for terminating contract is 3 months

Frank Hoschar, Managing Director, Sales and Support Europe
- Open agreement with no fixed term
- Base salary of €125,000 for the year ended 30 June 2006
- Lease of company car plus running costs
- Notice period for terminating contract is 3 months

Matthew Schwaiger, Director, Support Americas
- Open contract with no fixed term
- Base salary of US$162,162 for the year ended 30 June 2006
- Notice period for terminating contract is 5 weeks

Benjamin Wells, Director, Sydney Technology Center
- Open agreement with no fixed term
- Base salary of $168,950, inclusive of superannuation, for the year ended 30 June 2006
- Notice period for terminating contract is 5 weeks

Alan Perkins, Chief Information Officer
- Open contract with no fixed term
- Base salary of $168,950, inclusive of superannuation, for the year ended 30 June 2006
- Notice period for terminating contract is 5 weeks

Klaus Pontius, Regional Director, Europe
- Open agreement with no fixed term
- Base salary of €125,000 for the year ended 30 June 2006
- Lease of company car plus running costs
- Notice period for terminating contract is 3 months

Klaus Pontius resigned as Regional Director, Europe on 24 April 2006

In addition to the above service agreements, the directors and senior executives are entitled to participate in Altium's option plans. These plans provide a mix of short-term and long-term performance incentives as discussed in note 24.

Remuneration report (continued)

Share-based compensation

Unissued ordinary shares of Altium Limited under option at the date of this report are as follows:

Name of option plan	Number of options	Issue price of shares ($)	Value per option at grant date	Grant date	Expiry date
Altium Option Plan	1,081,000	4.20	2.22	12 Oct 2001	12 Oct 2006
Altium Option Plan	417,000	4.20	2.24	7 Nov 2001	7 Nov 2006
Altium Option Plan	400,000	1.17	0.69	10 Jul 2002	10 Jul 2007
Altium Option Plan	2,169,150	1.34	0.74	23 Oct 2002	23 Oct 2007
Altium Option Plan	7,400	1.34	0.74	30 Oct 2002	30 Oct 2007
Altium Option Plan	48,940	1.34	0.72	11 Nov 2002	11 Nov 2007
Altium Option Plan	168,950	1.34	0.64	19 Nov 2002	19 Nov 2007
Altium Option Plan	51,000	1.34	0.55	27 Nov 2002	27 Nov 2007
Altium Employee Share Option Plan	6,751,160	0.86	0.23	5 Dec 2003	5 Dec 2008
Altium Director Share Option Plan	1,790,000	0.86	0.23	5 Dec 2003	5 Dec 2008
Altium Employee Share Option Plan	200,000	0.86	0.06	7 May 2005	7 May 2009
Altium Employee Share Option Plan	1,583,700	1.00	0.09	21 Feb 2006	21 Feb 2011
Altium Employee Share Option Plan	578,950	1.00	0.11	14 Mar 2006	14 Mar 2011
Altium Employee Share Option Plan	9,750	1.00	0.10	21 Mar 2006	14 Mar 2011
Total unissued ordinary shares of Altium Limited under option	15,257,000				

The options granted under the Altium Option Plan and the Directors' Plan vest in equal amounts over a four-year period from the first anniversary date of issue. The options granted under the Altium Employee Share Option Plan and the Altium Director Share Option Plan vest over a three-year period from the first anniversary date of issue, 40% vest in year one, with 30% vesting for the two subsequent years thereafter. These options are exercisable at any time once vested through to expiry date. When exercisable, each option is convertible into one ordinary share. No option holder has any right under the options to participate in any other share issue of the company or of any other entity within the consolidated entity.

The 200,000 options granted in May 2005 under the Altium Employee Share Option Plan are supplementary to the options issued on 5 December 2003. As a result these options vest over a two-year period from date of issue, 40% vest at issue date, with 30% vesting for the two subsequent years thereafter, in line with the vesting periods of the original options granted on 5 December 2003.

The value of options included as remuneration for directors and executives, is valued at the date they are granted and apportioned over the vesting period. Fair values at grant date have been assessed using a derivative of the Black-Scholes option-pricing model including the following factors; the exercise price, stock price, expected life, volatility, risk-free rate, dividend yield and vesting period. Key assumptions adopted as at the date of issue for valuing the options in the current year include risk-free rate of interest between 5.18% and 5.41% and volatility of share price 66%. Further information on the options is set out in note 27 to the financial statements.

Other key management personnel are officers who are involved in, concerned with or who take part in, the management of the affairs of Altium Limited and/or the consolidated entity. Options over unissued ordinary shares in Altium Limited provided as remuneration to each director of the company and each of the key personnel of the consolidated entity as set out below:

Directors of Altium Limited

2006

	Balance at 1 July 2005	Granted during year	Expired during year	Balance at 30 June 2006	Vested and exercisable at 30 June 2006
Carl J Rooke	320,000	-	160,000	160,000	112,000
Kayvan Oboudiyat	2,400,000	-	1,200,000	1,200,000	840,000
William A Bartee	160,000	-	80,000	80,000	56,000
Dr Steven G Duvall*	80,000	-	80,000	-	-
Darren Charles*	601,000	100,000	130,000	571,000	333,450
Bruce W Edwards*	150,000	-	-	150,000	105,000

* Dr Steven G Duvall and Bruce W Edwards resigned as Non-executive Directors on 15 July 2005. Darren Charles resigned as Executive Director on 15 July 2005 and continues in his capacity of Chief Financial Officer at date of this report.

No ordinary shares in the company were issued as a result of options being exercised by the directors of the company.

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

Remuneration report (continued)

Directors of Altium Limited (continued)

2005

	Balance at 1 July 2004	Granted during year	Expired during year	Balance at 30 June 2005	Vested and exercisable at 30 June 2005
Carl J Rooke	320,000	-	-	320,000	224,000
Kayvan Oboudiyat	2,400,000	-	-	2,400,000	1,680,000
William A Bartee	160,000	-	-	160,000	112,000
Dr Steven G Duvall	80,000	-	-	80,000	32,000
Darren Charles	762,250	-	161,250	601,000	325,900
Bruce W Edwards	150,000	-	-	150,000	60,000

Other key management personnel of the group

2006

	Balance at 1 July 2005	Granted during year	Expired during year	Balance at 30 June 2006	Vested and exercisable at 30 June 2006
Frank Hoschar	375,000	-	-	375,000	272,500
Peter Murman	415,000	-	-	415,000	338,538
Emma Lo Russo	-	200,000	-	200,000	-
Michael Stipe	-	200,000	-	200,000	-

2005

	Balance at 1 July 2004	Granted during year	Expired during year	Balance at 30 June 2005	Vested and exercisable at 30 June 2005
Frank Hoschar	275,000	100,000	-	375,000	170,000
Peter Murman	415,000	-	-	415,000	222,700

Details of all options granted to key management personnel during the financial year are set out below:

2006

	Value at grant date $	Value at excercise date $	Value at lapse date $	Total value $
Darren Charles	7,127	-	-	7,127
Emma Lo Russo	14,253	-	-	14,253
Michael Stipe	16,722	-	-	16,722

There were no options granted to directors during the financial year.

Significant changes in the state of affairs

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

Events subsequent to balance date

Except for the matters discussed above, no other matter or circumstance has arisen since 30 June 2006 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the consolidated entity's state of affairs in future financial years.

Environmental regulation

The company has assessed whether there are any particular environmental regulations that apply to it and has determined that there is none of significance.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Remuneration report (continued)

Insurance of officers

During the year the company paid a premium of $67,026 to insure the directors and officers of Altium Limited and its subsidiaries. The liabilities insured are costs and 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 consolidated entity.

Non-audit services

The company may decide to employ the auditor on assignments additional to their audit duties where the auditor's expertise and experience with the company and/or the consolidated entity are important.

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

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

- all non-audit services have been reviewed by the audit and risk management committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity, acting as advocate for the company or jointly sharing economic risk and rewards.

	Consolidated	
	2006	2005
	$	$
Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of company income tax returns	11,154	2,000
Tax consulting and tax advice	22,710	55,545
Related practices of PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of company income tax returns	259,353	138,244
Tax consulting and tax advice	84,620	123,968
Total remuneration for taxation services	**377,837**	**319,757**
Advisory services		
PricewaterhouseCoopers Australian firm	9,600	-
Related practices of PricewaterhouseCoopers Australian firm	1,212	8,806
Total remuneration for advisory services	**10,812**	**8,806**

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23.

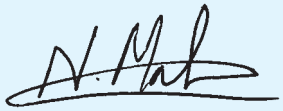
Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

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

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



Nicholas M Martin
Director and Chief Executive Officer

Kayvan Oboudiyat
Director and Executive Vice Chairman

Sydney
21 August 2006

PRICEWATERHOUSECOOPERS

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As lead auditor for the audit of Altium Limited for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

Andrew Sneddon

Andrew Sneddon
Partner

Sydney
21 August 2006

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