

**ASX ANNOUNCEMENT
12 SEPTEMBER 2002**

**SIGMA AND API MERGER AUTHORISATION APPLICATION REJECTED
BY ACCC**

Australian Pharmaceutical Industries Limited (API) today announced that the Australian Competition and Consumer Commission has advised that it will reject Sigma and API's application for authorisation of their proposed merger with API.

API Chairman, Mr Frank Conroy, said this was a particularly disappointing outcome, given the length of time it had taken us to get to this point.

"The board remains firm in its view that in this market, largely controlled by the Pharmaceutical Benefits Scheme, the public benefits arising from this merger would greatly outweigh any competition concerns the Commission may have had," Mr Conroy said.

API Managing Director Mr David Young said, "We are extremely disappointed that despite the support from our customers through the Pharmacy Guild of Australia and the Pharmaceutical Society of Australia, that the Commission was unable to recognise the public benefit arguments that we have presented during this Authorisation process. In addition, the undertakings that were offered which reflected our support for community pharmacy in Australia has also been disregarded. We will review the reasons given by the Commission closely, and determine in coming days whether or not we will appeal the Commission's decision."

API, established originally as a chemist's cooperative in 1910 and listed on the ASX in 1997, has four core business operations - pharmaceutical distribution, manufacturing, retail pharmacy services and hospital and medical distribution.

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