



ASX ANNOUNCEMENT

23 MAY 2003

API REVISES PROFIT OUTLOOK

Australian Pharmaceutical Industries Limited (API) today advised that it was revising the profit outlook for the 2002-2003 financial year ending April 30, 2003.

This will result in a reduced profit forecast primarily due to:-

- A full write down for products and costs relating to the Therapeutic Goods Administration (TGA) recall of products manufactured by Pan Pharmaceuticals of \$2 million.
- Lower than forecast earnings for the Hospital and Medical Supplies business (HSA), resulting in a reduction in value of goodwill from \$8.4 million to \$4.4 million to more accurately reflect its carrying value.
- Additional non-recurring costs and revenue impact relating to the Company's move of head office and distribution facilities in Sydney, NSW, amounting to approximately \$2 million.

Based on API's unaudited management accounts, the Company expects profit after tax for the full year to be approximately 30% less than for the full year to April 2002 but on a normalised basis up approximately 5% on last year.

The Australian and New Zealand businesses acquired from Interpacific in October 2002 continue to meet expectations and have contributed to the strong sales growth for the 2002/2003 full financial year.

Directors are pleased to advise that the non-recurring items and reduced profit forecast will not impact on API's ability to maintain dividend payments in line with last year.

Originally established as a chemist company's co-operative in 1910 and listed on the ASX in 1997, API operates wholesale pharmaceutical services, retail pharmacy banner groups, hospital, medical, surgical and dental distribution services and manufacturing throughout Australia and New Zealand.

For further information:

Mr David Young, Group Managing Director (Tel. 02 8844 2100)

Mr Chris Gardoll, General Manager, Finance (Tel.02 8844 2101)