



7 September 2009

Ms Marta Kielich
Senior Advisor, Issuers (Sydney)
ASX Markets Supervision Pty Ltd
20 Bridge Street
Sydney NSW 2000

Dear Marta

Re: Australian Pharmaceutical Industries Limited (the “Company”)

I refer to your letter of 4 September 2009 and our subsequent discussion.

In response to the questions raised:

1. The Appendix 3Y the subject of your letter was lodged by my office immediately being notified by representatives of the Director concerned that share transactions has taken place in January 2009. This notification was in response to a standard inquiry I had sent to all Directors in August 2009 to confirm their shareholdings in the lead up to preparation of the Company’s Annual Report. This inquiry alerted one director to advise me that upon checking, through administrative oversight during a holiday period, a member of his staff had inadvertently overlooked the need to advise me of the relevant transactions. This is an isolated case as the same director and his staff had followed the correct procedure in June of this year to advise me of a share transaction at that time.
2. All Directors are regularly reminded of the need to communicate all changes in notifiable interests in accordance with Listing Rule disclosure obligations. Directors also have been provided with a company policy dealing with share trading, which deals with the need to disclose transactions of this type within 5 business days.
3. It is felt the current arrangements are adequate, but a further reminder has been sent to all directors to ensure any of their staff who act on their behalf in communication share transactions to my office comply with the requirements of the listing rules.

If you have any queries please call me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Sanguinetti', written in a cursive style.

Peter Sanguinetti
General Counsel and Company Secretary

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