



21 October 2009

The Manager  
Company Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir

**Australian Pharmaceutical Industries Ltd ABN 57 000 004 320 (ASX code: API)  
Notification under section 708AA(2)(f) of the Corporations Act 2001 (Cth) as modified by ASIC  
Class Order 08/35 (CO 08/35)**

Australian Pharmaceutical Industries Ltd (**API**) announced today a fully underwritten accelerated non-renounceable entitlement offer (**Entitlement Offer**) of 2 fully paid API ordinary shares for every 3 API ordinary shares held by all holders as at 7.00pm (AEDT) on Monday, 26 October 2009 (**Record Date**) with registered addresses in Australia and New Zealand and certain institutional holders as at the Record Date in other jurisdictions in which API makes offers.

Contemporaneously with the Entitlement Offer, API announced an institutional placement of up to approximately 59,205,125 fully paid API ordinary shares (**Placement**).

API gives notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth) as modified by ASIC Class Order CO [08/35] (**Corporations Act**) that:

1. API will offer ordinary shares in API for issue pursuant to the Entitlement Offer and the Placement without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice:
  - (a) API has complied with the provisions of Chapter 2M of the Corporations Act as they apply to API;
  - (b) API has complied with section 674 of the Corporations Act; and
  - (c) there is no "excluded information" within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed under section 708AA(7)(d) of the Corporations Act.
3. The potential effect that the Entitlement Offer and the Placement will have on the control of API, and the consequences of that effect, will depend upon a number of factors, including investor demand.

Washington H Soul Pattinson and Company Limited (**WHSP**) is API's largest shareholder and has voting power in API of approximately 24.6%. WHSP has committed to take up its full pro rata entitlement under the Entitlement Offer. It has also committed to participate in the Placement to the extent necessary to maintain its current percentage interest in API.

The number of shares issued to WHSP under the Placement will depend on, among other things, level of demand for the Placement and allocations agreed between the Company and the underwriter. However, on the basis that WHSP takes up its full pro rata entitlement under the Entitlement Offer and is issued a number of shares under the Placement to maintain its current percentage interest

885 Mountain Hwy  
Bayswater VIC 3153  
Australia  
T: + 61 3 8720 3000  
F: + 61 3 8720 3400

11 Grand Avenue  
Camellia NSW 2142  
Australia  
T: + 61 2 8844 2000  
F: + 61 2 8844 2400  
[www.api.net.au](http://www.api.net.au)

in API, its voting power in API will not increase beyond its current level (in the expanded capital of API following the Entitlement Offer and the Placement).



Based on the fact that no API shareholder other than WHSP has voting power exceeding 20% of API's issued shares (based on substantial holding notices that have been lodged prior to the date of this notice), API does not expect the Entitlement Offer or the Placement to give rise to any material effect on the control of API other than as set out above.

Yours faithfully

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

Peter Sanguinetti  
Company Secretary