

23 October 2009

API successfully completes the institutional component of its \$150m equity raising

Australian Pharmaceutical Industries (ASX: API), a leading Australian healthcare company and one of Australia's leading health and beauty retailers, today announced the successful completion of its approximately \$88 million institutional equity raising.

Of the \$88 million, approximately \$38 million has been raised through an institutional placement ("**Placement**") and approximately \$50 million through the institutional component of an accelerated 2-for-3 pro-rata non-renounceable entitlement offer ("**Institutional Entitlement Offer**").

The Institutional Entitlement Offer was highly successful with 99% of entitlements taken up by eligible institutional shareholders. Furthermore, the bookbuild for the Placement and shortfall shares was significantly oversubscribed.

Washington H. Soul Pattinson & Co Ltd ("**WHSP**"), API's largest shareholder holding c.25%, has taken up its pro rata share of the Entitlement Offer and the Placement¹.

API's Managing Director and Chief Executive Officer Stephen Roche said: "We are very pleased with the strong support we have received from existing institutional shareholders and new investors for this equity raising, which will significantly strengthen the company's balance sheet and provide financial flexibility for future growth."

The retail component of the Entitlement Offer ("**Retail Entitlement Offer**") is expected to raise approximately \$62 million, taking the size of API's total equity raising (being the Placement and Entitlement Offer) to \$150 million. The equity raising is fully underwritten by RBS.

Commencement of the Retail Entitlement Offer

The Retail Entitlement Offer will open on Friday, 30 October 2009 and is expected to close at 5.00pm (AEDT) on Tuesday, 17 November 2009. The terms of the Retail Entitlement Offer are the same as the terms of the Institutional Entitlement Offer with eligible shareholders having the opportunity to subscribe for 2 New Shares for every 3 existing API shares held at 7.00pm (AEDT) on Monday, 26 October 2009 ("**Record Date**"), at the offer price of \$0.65 per New Share.

Eligible retail shareholders may apply for New Shares in excess of their Entitlement subject to availability and scale-back at the sole discretion of API.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer should carefully read the Retail Offer Booklet and personalised Entitlement and Acceptance form which is expected to be mailed to eligible retail shareholders by Friday, 30

¹ To take account of Corporations Act requirements in respect of acquisitions of voting power, given the accelerated nature of the Entitlement Offer and the Placement, settlement of New Shares allocated to WHSP under the Institutional Entitlement Offer and the Placement will occur as follows: c.44.9m New Shares on the Institutional Settlement Date and c.11.9 New Shares on the Retail Settlement Date. After the Retail Settlement Date, WHSP's voting power in API is expected to remain at its pre-Offer level of approximately 24.6%.

October 2009. The Retail Entitlement Offer is not being extended to shareholders outside Australia or New Zealand.

Retail shareholders who have any queries about the Entitlement Offer should contact the API Shareholder Information Line on 1300 737 760 (within Australia) or on +61 2 9290 9600 (from outside Australia) at any time from 8.30am to 5.30pm (AEDT) Monday to Friday during the Offer period or go to the API website at www.api.net.au.

API's shares will resume trading on ASX today.

Timetable for the equity offer and dividend²

Event	Date
API shares recommence trading	Friday, 23 October 2009
Record date for the Entitlement Offer	7:00pm (AEDT), Monday, 26 October 2009
Ex-dividend date	Wednesday, 28 October 2009
Retail Entitlement Offer opens	Friday, 30 October 2009
Mailing of Entitlement and Acceptance Form and Retail Offer Booklet to Eligible Retail Shareholders	Completed by Friday, 30 October 2009
Record date for the dividend	Wednesday, 4 November 2009
Settlement of the Placement and Institutional Entitlement Offer	Thursday, 5 November 2009
Issue of New Shares under the Placement and Institutional Entitlement Offer, and normal trading of those shares expected to commence on ASX	Friday 6 November 2009
Retail Entitlement Offer closes	5:00pm (AEDT), Tuesday, 17 November 2009
Settlement of Retail Entitlement Offer	Monday, 23 November 2009
Issue of New Shares under Retail Entitlement Offer	Tuesday, 24 November 2009
Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Wednesday, 25 November 2009
Dispatch of Transaction Confirmation Statements for Retail Entitlement Offer	Wednesday, 25 November 2009
Dividend payment date	Friday, 11 December 2009

² The New Shares to be issued under the Entitlement Offer and Placement are not entitled to the 2 cents dividend that API announced on 21 October 2009

All times refer to Australian Eastern Daylight Saving Time (AEDT). API reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws to withdraw or vary the timetable for the Entitlement Offer without notice. In particular, API reserves the right to extend the closing date of the Retail Entitlement Offer or accept late applications, either generally or in particular cases, without prior notice.

-oo000oo-

About API

Australian Pharmaceutical Industries Limited (API) is one of Australia's leading health and beauty companies. API's Pharmacy business provides wholesale distribution, business and marketing services to community pharmacies across Australia. The Retail division is one of Australia's leading health and beauty market retailers through its retail brand Priceline. The Consumer division is a niche player in over-the-counter pharmaceuticals and is based in New Zealand.

Investor enquiries:

Stephen Roche
Managing Director and Chief Executive Officer
03 8720 3007

Graeme Fallet
Chief Financial Officer
03 8720 3007

Media enquiries:

Stephen Kerr
PRX
03 9607 4500

Important Notice and Disclaimer

This document, including the information contained in this disclaimer, is not a prospectus and does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933 (the Securities Act)) (U.S. Person) or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or in a transaction exempt from or not subject to the registration requirements of the Securities Act.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.