



19 January 2006

API Reports Strong December Trading

- ***Pharmacy Distribution Division sales up 1.0%, against the trend***
- ***Retail Division sales up 25.4%: up 13.9% year to date***

Integrated healthcare services company API today announced a successful Christmas trading period for its Pharmacy Distribution and Retail Divisions.

API's Pharmacy Distribution Division traded ahead of the market, achieving sales growth in December of 1.0% compared to the previous corresponding period. IMS data for December indicated no growth in pharmacy distribution sales compared to December 2004.

Feedback from pharmacists in the Soul Pattinson and Chemworld brands indicated that they traded above expectations off the back of a revitalised promotional program. API Group Leader Mr Jeff Sher said the commitment to the banner groups has been enhanced and new growth objectives set. "We are determined to restore our banner groups to their pre-eminent position in the market – December sales are a clear indicator that we are on the right track," Mr Sher said.

Sales at API's Retail Division, made up by the Priceline, Priceline Pharmacy, House and Price Attack brands, increased 25.4% in December, compared to the previous corresponding period. The strong trading in December contributed to the Retail Division's 13.9% increase in year to date sales (from 1 May 2005).

Sales for Priceline stores (excluding Priceline Pharmacy), which are all company owned, grew in December by 11%, with like-for-like store sales growth of 8.8%.

The Price Attack brand achieved sales growth of 15% (12% like-for-like store sales compared to the previous period of December 2004). The House corporate stores achieved 14% sales growth for December in a highly competitive sector.



Mr Sher said the strong trading results achieved by API in December demonstrated the momentum within its Pharmacy Distribution business, and the strength of the API retail offer.

“Our Pharmacy Distribution performance in December is encouraging, particularly given the PBS slowdown, and we continue to make progress in growing our market share,” Mr Sher said. “The robust December trading results reflect our commitment and support of community pharmacy – in a challenging market we have presented pharmacists across the spectrum with opportunities for growth.”

In line with its recently announced strategy to further support independent pharmacists, API has signed up more than 560 pharmacists to the Dolphin program, which is designed to enhance the value proposition for all API aligned pharmacists, in particular those in the banner groups of Soul Pattinson, Chemworld, Pharmacist Advice and API Healthcare. API has committed significant resources to the program to ensure its success, and the official launch was on 1 January 2006. API is targeting 2,500 pharmacists for the Dolphin program.

“API continues to make significant progress in its three year turnaround strategy,” Mr Sher said.

“An immediate priority is to improve working capital. An overall improvement in net working capital of \$28 million has been achieved in the past two months, which included a \$15 million reduction in stock levels within retail and a \$13 million reduction in pharmacy trade debtors,” Mr Sher said. “We are confident of significant further improvements in working capital in the months ahead.”

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