



14 September 2006

Company Announcements Office
Australian Stock Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000

Re: ASX Listing Rules Compliance

Dear Sir,

As previously advised on 21 August, 2006 the Australian Pharmaceutical Industries (API) Audit and Compliance Committee currently has Mr John Murphy acting as an interim Chairman. The appointment is temporary on the basis that Mr Murphy, while he has the requisite skills to Chair the Committee, does not meet the definition of an independent director to be the permanent Chairman.

The Company is in breach of ASX listing rule 12.7 which requires that an entity in the top 300 of the S&P All Ordinaries Index must comply with the best practice recommendations set by the ASX Corporate Governance Council in relation to the composition of its Audit and Compliance Committee.

API has commenced a search and will keep the market informed on progress in appointing an independent director with the requisite skills to be Chairman of the Audit and Compliance Committee. The composition of the Committee is also under review to ensure there is a majority of independent directors.

The Company will make every effort to complete the necessary director appointment and changes by 30 November, 2006.

Yours faithfully,

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

Chris Gardoll
Company Secretary
Australian Pharmaceutical Industries Limited