

31 March, 2006

Johnathon Matthews  
Adviser, Issuers (Sydney)  
Australian Stock Exchange Limited  
via email: [johnathon.matthews@asx.com.au](mailto:johnathon.matthews@asx.com.au)

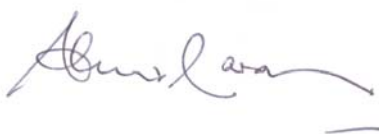
Dear Johnathon

Re: Price Query

In reply to your letter dated 30 March 2006 regarding the downward movement in the price of the securities of Australian Pharmaceutical Industries Limited (the "Company"), we provide our response to each of the questions raised.

1. The Company is not aware of any information concerning it that has not been announced which, if known, could be an explanation for the recent trading in the securities of the Company.
2. Not applicable.
3. The Company is not aware of any reason that would cause a change of more than 15% in the operating profit before abnormal items and income tax for the year ending 30 April 2006 compared with the previous year ended 30 April 2005.
4. We are not aware of any reason to think that the Company may record any material abnormal or extraordinary profit for the year ending 30 April 2006.
5. The Company is not aware of any specific explanation for the price change in the securities of the Company. However, over recent months there has been general public comment which has highlighted industry issues which could have an impact on full-line pharmaceutical wholesalers including API. These issues include the reduced growth in PBS spending, the commencement of the arrangements under the Fourth Community Pharmacy Agreement and the new Community Service Obligation.
6. We confirm that the Company is in compliance with the listing rules, and in particular, Listing Rule 3.1.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Gardoll', with a horizontal line underneath.

Chris Gardoll  
Company Secretary



**ASX**  
AUSTRALIAN STOCK EXCHANGE

30 March 2006

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**Australian Pharmaceutical Industries Limited (the "Company")**

**RE: PRICE QUERY**

We have noted a change in the price of the Company's securities from a high of \$2.84 on 1 March 2006 to a low of \$2.20 at the time of writing today.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating profit before abnormal items and income tax so that the figure for the year ending 30 April 2006 would vary from the previous year ended 30 April 2006 by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary profit for the year ending 30 April 2006? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change in the securities of the Company?
6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at [johnathon.matthews@asx.com.au](mailto:johnathon.matthews@asx.com.au) or by facsimile on (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. **before 9.30 a.m. E.D.S.T.) on Friday, 31 March 2006.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Johnathon Matthews

Adviser, Issuers (Sydney)

Direct Line: (02) 9227 0656