

2 June 2017

Dear Shareholder,

Australian Pharmaceutical Industries Limited (API) - Interim Dividend payment

I have pleasure in outlining details of your fully franked interim dividend payment.

Further to our announcement on 20 April 2017, I am pleased to enclose the details of your fully franked interim dividend payment for the six months ended 28 February 2017.

The company has continued to grow its dividend payments to shareholders over recent years due to strong operational management and successful execution of strategy to grow the Priceline Pharmacy network and deliver sustainable returns through Pharmacy Distribution.

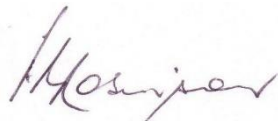
At the end of February 2017, the Priceline Pharmacy network reached 450 stores, making it one of the largest specialty retail brands in Australia. The company has also delivered sustainable returns in Pharmacy Distribution despite ongoing price deflation in the Pharmaceutical Benefits Scheme.

Importantly, the company achieved a 15 per cent growth in net profit after tax despite a softening of consumer demand at a retail level. The investments we have made in our infrastructure in recent years have allowed us to reduce our cost of doing business which resulted in positive returns to shareholders.

Directors are pleased with the progress of the company as its organic growth continues. As a result, this has once again allowed your Directors to pay a fully franked interim dividend of 3.5 cents per share, which is a 40 per cent increase on the same time last year.

We look forward to updating you on our full year performance on Thursday 19 October 2017.

Yours sincerely,



Peter Robinson
Chairman