

22 October 2004

The Manager
Companies Announcement Platform
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

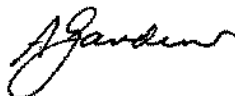
By electronic lodgement

Dear Sir

Re: Ceasing Substantial Holder Notice - Australian Pharmaceutical Industries Limited (API)

We enclose notice of Ceasing Substantial Holder in Australian Pharmaceutical Limited. This notice is given by Challenger Financial Services Limited and each of its subsidiaries named in Annexure 1 to this notice.

Yours faithfully



Anne B Gardiner
Group Company Secretary

Form 605

Corporations Act 2001
Section 671B

Notice of ceasing to be a substantial holder

To Company name/Scheme **Australian Pharmaceutical Industry Limited**
 ACN/ARSN **000 004 320**

1. Details of substantial holder (1)

Name **Challenger Financial Services Group Limited (and the entities listed in Annexure 1)**
 ACN (if applicable) **106 842 371**

The holder ceased to be a substantial holder on **22.10.2004**
 The previous notice was given to the company on **17.05.2004**
 The previous notice was dated **17.05.2004**

2. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest (2) of the substantial holder or an associate (3) in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (4)	Consideration given in relation to change (5)	Class (6) and number of securities affected	Person's votes affected
Ref Annexure 2	Ref Annexure 2	Ref Annexure 2	Ref Annexure 2	Ordinary Fully Paid	Ref Annexure 2

3. Changes in association

The following persons who have become associates (3) or, ceased to be associates of, or have changed the nature of their association (7) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN (if applicable)	Nature of association
N/A	

4. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Challenger Financial Services Group Limited And each other entity named in Annexure 1	Level 41, Aurora Place, 86 Phillip Street, Sydney NSW 2000

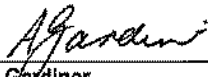
Signature

print name **A B Gardiner** capacity **Company Secretary**

signature  date **22/10/2004**

Annexure 1

This is page 1 of 3 pages of Annexure 1 referred to in Form 605 signed by me and dated 22/10/2004.

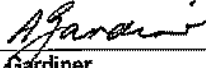


A.B. Gardiner
Company Secretary

Company/Scheme	ABN/ARSN
Challenger Financial Services Group Limited	85 106 842 371
Challenger Financial Services Group	091 545 185
Challenger Group Holdings Limited	50 002 993 302
eFinancial Capital Limited	58 089 796 798
Allfine Holdings Pty Ltd	84 100 231 918
Beston Financial Management Pty Limited	64 081 985 088
Beston Pacific Vineyard Management Limited	35 079 882 161
BluePeak Institutional Private Equity Pooled Fund Limited	16 092 735 512
BluePeak Private Equity Pooled Fund Limited	20 092 735 594
Bluezen Pty Ltd	94 100 220 175
Cascade Pty Limited	76 096 097 399
Challenger Beston Limited	94 055 293 644
Challenger Biotech Management Limited	29 092 382 842
Challenger Capital Fund Limited	45 092 467 591
Challenger Capital Markets Limited	38 099 742 122
Challenger Corporate Superannuation Pty Limited	37 097 635 366
Challenger E-Commerce Limited	85 086 854 471
Endowment Warrants Limited	45 009 568 503
Challenger Equity Lending Limited	26 079 047 804
Challenger Freeholds Limited	26 009 568 487
Challenger Group Pty Limited	85 003 374 196
Challenger Group Services Pty. Ltd.	91 085 657 307
Challenger Hedging Limited	38 087 464 131
Challenger International Nominees Limited	70 003 942 765
Challenger IT Pty Ltd	25 094 934 399
Challenger Lending No.1 Pty. Limited	70 085 447 865
Challenger Life Limited	60 006 381 193
Challenger Life No.2 Limited	44 072 486 938
Challenger Managed Investments Limited	94 002 835 582
Challenger Margin Lending Limited	47 091 338 822
Challenger ML Nominees Pty Limited	79 008 411 943
Challenger Commercial Lending Limited	65 000 033 143
Challenger Portfolio Management Limited	29 064 545 124
Challenger Property Capital Limited	36 078 326 128
Challenger Property Finance Limited	72 093 308 028
Challenger Property Funds Management Limited	34 078 627 013
Challenger Property Asset Management Pty Ltd	90 077 569 021
Challenger Property Nominees Pty Limited	39 091 336 793
Challenger Securities Limited	28 009 568 496
Challenger Superannuation Pty Ltd	52 006 475 501
Challenger Treasury Limited	47 093 307 995
Challenger Wealthlink Management Limited	92 082 448 075

Annexure 1

This is page 2 of 3 pages of Annexure 1 referred to in Form 605 signed by me and dated 22/10/2004.


A.B. Gardiner
Company Secretary

CFSG Holdings No.1 Victoria Pty Limited	107 728 030
CFSG Holdings No.2 Victoria Pty Limited	107 601 605
CPH B2B Co. Pty Ltd	093 267 135
CPH B2B Investments Pty Ltd	093 550 200
CPHC Financial Services Pty Ltd	095 085 466
CPHC Investments Pty Ltd	093 340 526
FXF Finance Pty Ltd	080 419 521
FXF Holdings Pty Ltd	080 419 512
FXF Investments Pty Ltd	080 149 549
Galaxy Investment Wrap Pty Ltd	102 597 946
Garrisons Pty Limited	50 009 556 370
Nortstar Lending Pty Ltd	057 707 687
Garrisons (Rosny) Pty Ltd	085 645 860
Howard Pacific Limited	54 071 735 665
HFH Staff Pty Limited	33 080 225 985
Integrated Equity Pty. Ltd.	77 059 686 289
Interstar Home Loan Corporation Pty Limited	058 891 302
Interstar Mortgage Management Pty Limited	082 014 702
Interstar Securities (Australia) Pty Limited	087 271 109
Interstar Securities Holdings Pty Limited	087 284 240
Interstar Securities (International) Pty Limited	087 271 225
Interstar Securitisation Management Pty Limited	100 346 898
Interstar Securities (NZ) Pty Ltd	087 217 136
Iroka Pty. Limited	85 080 036 657
Mawbury Pty Limited	95 086 097 479
Synergy Capital Management Limited	19 062 264 108
Talavera Herring Pty Limited	34 086 088 984
The Liberty Group Consortium Pty Ltd	79 082 564 289
TLGH Pty Limited	85 092 927 467
TLG Services Pty Limited	20 092 500 808
Venture Link Australia Limited	26 003 162 025
Challenger Mortgage Finance Pty Limited	095 300 502
The Mortgage Alternative Holdings Pty Limited	107 706 810
The Mortgage Alternative Pty Ltd	107 725 486
TMA Special Servicing Pty Ltd	107 707 415
TMA Management Pty Ltd	107 707 406
PH Sydney Hotel Holdings Pty Ltd	095 686 289
PH Sydney Hotel Limited	104 573 533
Associated Planners Group Limited	003 357 024
Associated Planners Financial Services Limited	060 778 216
Associated Planners Asia Pty Limited	102 865 893
Associated Planners Strategic Finance Pty Limited	003 688 060
AP Advisers Strategies Pty Limited	097 451 495
AP Strategic Finance (WA) Pty Limited	104 441 947
Solar Risk Pty Limited	092 265 373
Bain Financial Group Pty Limited	106 265 936

Annexure 1

This is page 3 of 3 pages of Annexure 1 referred to in Form 605 signed by me and dated 22/10/2004.


A.B. Gardiner
Company Secretary

Overseas Companies	
Challenger International (New Zealand) Limited	
Challenger Securities (New Zealand) Limited	
Challenger Beston Limited (New Zealand)	
Sabrand Limited	
Challenger Hungary International Capital and Management Limited Liability Company	
Challenger REIT Number 1 Limited	
Challenger Milk Street LLC	
Challenger South Monaco LLC (US)	
Challenger Las Cimas LLC	
Challenger Life (UK) Limited	
Challenger Group Services (UK) Limited	
Interstar Home Loan Corporation NZ Limited	
Interstar Securities NZ Limited	
SEIZA Asset Management (Bermuda) Limited	
ZCM Australia Asset Holdings Limited	

ANNEXURE 2

This is page 1 of 2 pages of Annexure 2 referred to in Form 505 signed by me and dated 22/10/2004.

A B Gardiner
Company Secretary

Holder of Relevant Interest	Registered Holder	Note	Class and number of securities (Fully Paid Ordinary)
Challenger Managed Investments Limited as Responsible Entity for Challenger Smaller Companies Fund	State Street on behalf of Challenger Managed Investments Limited as Responsible Entity for Challenger Smaller Companies Fund	B	10,873,398
Challenger Managed Investments Limited as Responsible Entity for Challenger Boutique ASP - IML	State Street on behalf of Challenger Managed Investments Limited as Responsible Entity for Challenger Boutique ASP - IML	B	39,000
Challenger Portfolio Management Limited	National Nominees on behalf of Warakiri Smaller Companies Fund	B	327,630
TOTAL as at: 7/5/2004	For Australian Pharmaceutical Industry (API)		11,240,028

Trade Date	Nature of change	Price (\$)	Value (\$)	Quantity
Challenger Smaller Companies Fund				
10/05/04	Buy	2.4766 \$	85,476	34,513
11/05/04	Buy	2.4481 \$	12,240	5,000
17/05/04	Buy	2.4380 \$	25,568	10,487
20/05/04	Buy	2.3879 \$	1,315,760	551,022
25/05/04	Buy	2.3578 \$	235,776	100,000
26/05/04	Buy	2.3879 \$	67,362	28,223
31/05/04	Buy	2.4581 \$	151,010	61,434
27/09/04	Buy	3.0599 \$	305,386	100,000
30/09/04	Buy	3.0069 \$	150,346	50,000
		\$	-	
		\$	-	
		\$	-	
		\$	-	
		\$	-	
Sub-Total				940,679
Challenger Boutique ASP - IML				
25/05/04	Buy	2.3593 \$	11,797	5,000
		\$	-	
		\$	-	
Sub-Total				5,000
Warakiri Small Company Mandate				
		\$	-	
		\$	-	
		\$	-	
Sub-Total				0
Holder of Relevant Interest	Registered Holder	Note	Holding (Shares)	
	State Street on behalf of Challenger Smaller Companies Fund		11,814,077	
	State Street on behalf of Challenger Boutique ASP - IML		44,000	
	National nominees on behalf of Warakiri Smaller Companies Fund		327,630	

Closing Balance as at: 22/10/04

For Australian Pharmaceutical Industry (API)

12,185,707

Number of units on issue

257,345,455

Number of issued units held (%)

4.74%

"Challenger Managed Investments Limited" means Challenger Managed Investments Limited (ACN 002 835 592) a wholly owned subsidiary of Howard Mortgage Management Limited (ACN 003 033 143) which is a wholly owned subsidiary of Challenger Life Limited (ACN 006 381 193) which is a wholly owned subsidiary of Inoka Pty Limited (ACN 080 036 657) which is a wholly owned subsidiary of Challenger Financial Services Group Limited.

"Challenger Portfolio Management Limited" means Challenger Portfolio Management Limited (ACN 064 545 124) which is a wholly owned subsidiary of Challenger Life Limited (ACN 006 381 193) which is a wholly owned subsidiary of Inoka Pty Limited (ACN 080 036 657) which is a wholly owned subsidiary of Challenger Financial Services Group Limited.

"National Nominees" means National Nominees Limited (ACN 004 279 399) a subsidiary of National Australia Bank Limited (ACN 004 044 937) of 5th Floor South, 271 Collins Street, Melbourne VIC 3000.

"Warakiri Small Companies Fund" means Warakiri Small Companies Fund of Level 3, 53 Queens Street, Melbourne VIC 3000.

"State Street" means State Street Australia Limited (ACN 002 965 200) of State Street Centre, 338 Pitt Street, Sydney NSW 2000.

B. Explanation of Relationship and Nature of Relevant Interests

Registered Holder	On behalf of	Nature of relevant interest
State Street Limited	Challenger Managed Investments Limited as Responsible Entity for Challenger Smaller Companies Fund	Pursuant to the Constitution of Challenger Smaller Companies Fund, the responsible entity, Challenger Managed Investments Limited, has the power to control voting and/or disposal of securities.
State Street Limited	Challenger Managed Investments Limited as Responsible Entity for Challenger Boutique ASP - IML	Pursuant to the Constitution of Challenger Boutique ASP - IML, the responsible entity, Challenger Managed Investments Limited, has the power to control voting and/or disposal of securities.
National Nominees Limited	Warakiri Small Companies Fund	Challenger Portfolio Management Limited is an Investment Manager appointed by Warakiri Asset Management Pty Ltd. Under the Investment Management Agreement, Challenger Portfolio Management Limited has acquisition and disposal powers in respect of those securities.

Associates	Nature of Association
Companies listed in Annexure 1.	Each of the Companies listed in Annexure 1.