



SIGMA





Sigma Pharmaceuticals Limited

Annual General Meeting

11.00am 8 June 2011

ANZ Pavilion, Victorian Arts Centre, Melbourne

Chairman's Address

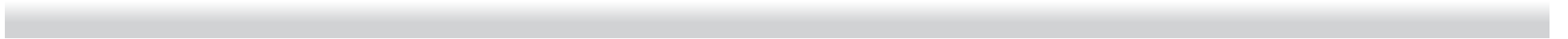
Mr Brian Jamieson

New Board/Management Scorecard

Objective	Result	Comment
Debt reduction	✓	Net Debt minimal after repayment of around \$680 million
Decrease Working Capital	✓	Days Sales Outstanding reduced by 15 days
Increase profitability	✓	Continuing business FY11 underlying divisional EBIT 12% increase year on year



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Managing Director and CEO's Address

Mr Mark Hooper

Use of Pharma Sale Proceeds

Net Proceeds from Sale	\$844m
– Repayment Syndicated Debt	\$325m
– Repayment Sigma Rewards Debt	\$358m
– Payment Special Dividend	\$176m

FY11 Continuing Business Reported Profit

Reported		
A\$m	FY2011	FY2010*
Revenue	2914.3	2733.8
Reported EBIT	-9.1	-178.9
Net Financing Costs	-78.7	-72.1
Tax Benefit	14.8	3.8
NPAT	-73.1	-247.3

- Non recurring items amounted to \$80 million (pre tax) and included:
 - goodwill impairment
 - doubtful debts
 - restructuring
- Net financing charges reflect full year of debt pre the \$844m sale proceeds

- * FY2010 figures have been adjusted to reflect:
- Reclassification of some revenue streams and Retail income previously shown as part of the Pharma results
 - Restatement of a number of inventory and promotional transactions

Continuing Business Underlying Profit

All figures \$m	Healthcare	Corporate	Continuing Business
Reported EBIT	12.1	-21.2	-9.1
Reclassified Items	-9.0	-15.2	-24.2
Non Recurring Items			
Impairment - goodwill	38.3		38.3
Provision for doubtful debts	20.2		20.2
Rationalisation and restructuring	6.1	0.6	6.7
Professional fees		9.8	9.8
Other	3.6	1.4	5.0
Total	68.2	11.8	80.0
Underlying for Continuing Businesses	71.3	-24.6	46.7

- Adjust Reported Group EBIT of \$9.1 million for reclassified items and one-off expenses
- Underlying Group EBIT of \$46.7 million
- Corporate Costs include all Group IT charges
- Equates to a Group ROIC on underlying earnings of 7.3%



Healthcare Division (pre Corporate Costs) Comparison vs FY10

Underlying Continuing Healthcare			
A\$m	FY2011	FY2010	change
Sales Revenue	2914.3	2733.8	6.6%
Reported EBIT	12.1	-169.5	
Impact Non Recurring / Reclassified Items	59.2	233.1	
Underlying EBIT	71.3	63.6	12.1%
Divisional EBIT Margin	2.45%	2.33%	⬆12bp

- Revenue growth up 6.6% year on year
- Underlying EBIT up by 12.1%
- Margin expansion

Working Capital \$m	As at 31 Jan 2011	As at 31 Jan 2010
Receivables	641	752
Inventories	226	230
Payables	(251)	314
Total Working Capital	616	668
Debtor Days	77	93
Days Inventory Outstanding	31	33
Days Payable Outstanding	34	43

- Working capital is now the key component of Sigma's balance sheet
- Objective will be to improve all areas with main focus on customer payment terms
- Some improvements have already been agreed and will feed in gradually as extended payment terms unwind



Re-invigorating Sigma

Financial model

- ROIC and profitable growth are drivers

Investment

- IT and business systems
- Warehouses

Retail Pharmacy Brands

- Opportunity in Private Label products
- Introduce Health Management support services
- Develop supplier relationships

Staff

- Key to 're-invigorating' Sigma and creating culture of innovation and high performance



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Remuneration Report

Mr David Bayes

Chairman of Remuneration and

Nomination Committee

- Aggregate fee maximum to remain at \$1.1m as set at the 2007 AGM
- No increase to fees during 2010/11 - no increase for 3rd consecutive year



Non-Executive Director Remuneration

Non-Executive Fee Structure - effective 1st July 2011:

Chairman - \$265,000

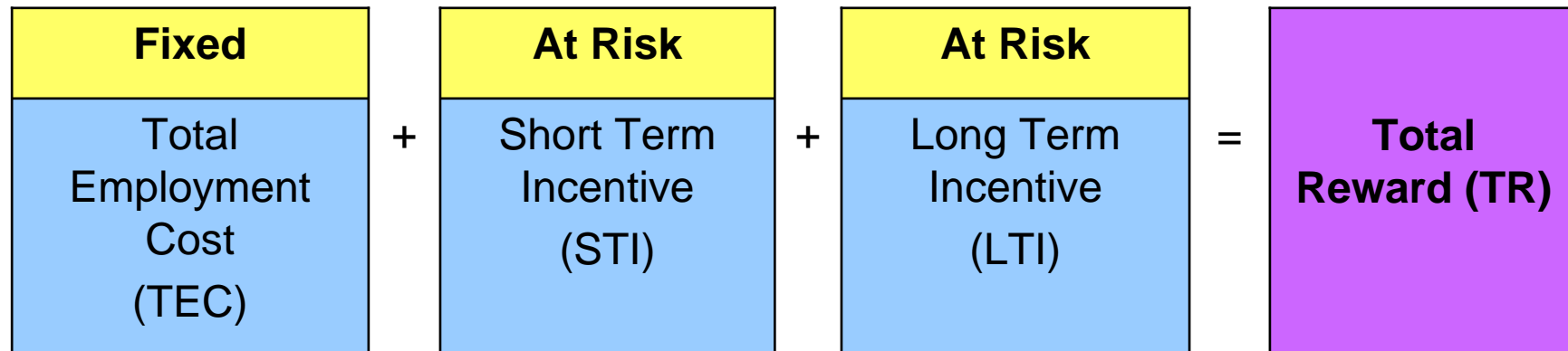
Non-Executive Director - \$100,000

Chairman Risk Management & Audit Committee - \$56,000

Member Risk Management & Audit Committee - \$28,000

Chairman Remuneration & Nomination Committee - \$34,000

Member Remuneration & Nomination Committee - \$17,000



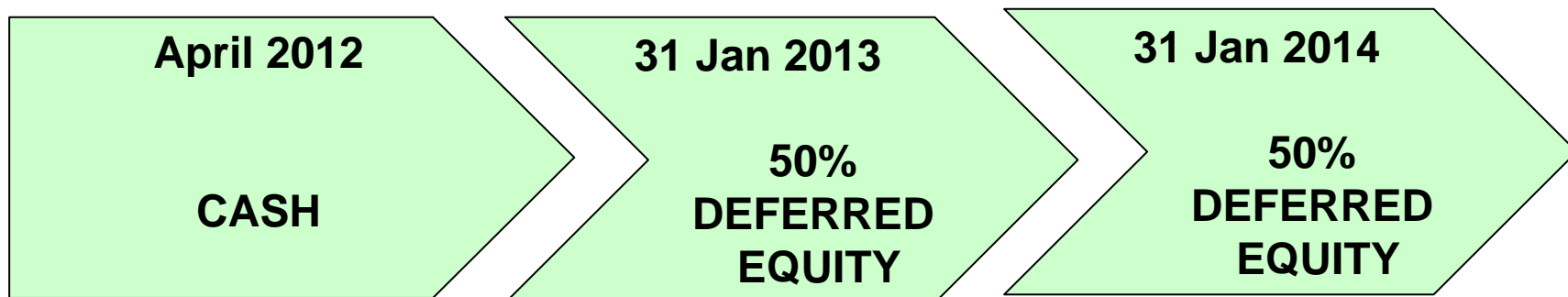
- TEC = Cash Salary
- STI = Annual Incentive
- LTI = 3 Year Equity Incentive

2011/12 CEO Short Term Incentive

CEO Maximum STI Reward:



Payment Schedule for 2011/12 Plan



2011/12 Long Term Incentive

- Loan Funded Share Plan - enhanced Management focus on increasing share price via improved TSR & ROIC
- Participants only benefit if the share price grows
- 3 year vesting period
- 2 performance conditions:
 - 1. TSR - 50% or more over the 3 years
 - 2. ROIC - average of 11% or more over the 3 years

Group Remuneration Strategy

- Executives are motivated to reinvigorate our Company and deliver outstanding performance for Shareholders
- Performance hurdles used in both the Long Term and Short Term Incentive Plans are consistent with our approach of delivering Shareholder value
- Designed to Attract and Retain high calibre Executives to drive our strategic objectives

Resolution 3

To adopt the Remuneration Report

590,453,234 valid available proxies received comprising:

For:	564,224,304
Open:	8,924,118
Against:	17,304,812

Resolution 4.1

To elect Mr Raymond Gunston as a Director

590,663,942 valid available proxies received comprising:

For:	564,529,029
Open:	8,442,315
Against:	17,692,598

Resolution 4.2

To re-elect Mr David Bayes as a Director

590,507,494 valid available proxies received comprising:

For:	562,513,007
Open:	8,389,807
Against:	19,604,680

Resolution 5.1

Approve the Executive LTIP

590,173,624 valid available proxies received comprising:

For:	537,959,540
Open:	8,715,763
Against:	43,498,321

Resolution 6.1

Approve the issue of Sign On Incentive Rights

591,457,014 valid available proxies received comprising:

For:	556,769,784
Open:	7,881,625
Against:	28,805,605

Resolution 6.2

Approve the issue of STIP Performance Rights

591,674,719 available proxies received comprising:

For:	556,371,022
Open:	7,911,418
Against:	27,392,279

Resolution 6.3

Approve the issue of LTIP Shares

590,348,687 available proxies received comprising:

For:	535,976,704
Open:	7,917,384
Against:	46,454,599

Resolution 6.4

Approve the issue of STIP Performance Rights on Accelerated Event

591,527,205 available proxies received comprising:

For:	555,537,788
Open:	7,867,084
Against:	28,122,333



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