ASX Code: SIP

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MARKET UPDATE - SHAREHOLDERS TO BENEFIT FROM STRONG CASH POSITION

- **Sales revenue grows 3.5% and like for like growth of 6.4% adjusted for PBS reform**
- **Net profit for Continuing Operations of $26.1 million for first half of FY13 (pcp $27.9 million)**
- **Pre tax operating cash flow $70.0 million compared to EBITDA $37.9 million**
- **Sigma to pay a fully franked interim dividend of 2.0 cents (pcp 1.5 cents)**
- **On-market share buy-back of up to 10% of issued capital announced**

Sigma Pharmaceuticals Limited (“Sigma”) announced today a net profit of $26.1 million for the half year ending 31 July 2012. This is another strong result given the impact of significant PBS reform and ongoing re-investment in the business.

Sales increased by 3.5% to $1.4 billion, despite flat PBS revenue. The above industry growth of total sales reflected market share gains and includes a full six months of sales revenue from customer groups acquired in 2011.

The company is in a positive cash position at half-year end; with net cash of $126 million compared to $114 million in January 2012.

The company has rewarded shareholders by declaring a 2.0 cent fully franked interim dividend, which equates to a payout ratio of 90%.

Sigma Chairman, Brian Jamieson, said, “the Board considered it appropriate to increase dividend payments compared with the corresponding period a year ago, as confirmation of the sound progress the company has made.”

The outlook for operating cash flows should support strong dividend payout ratios for the foreseeable future.

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Shareholders will also benefit from an on-market share buy-back of up to 10% of issued capital.

"This was the right move at this time given the strength of the company's balance sheet," said Mr Jamieson.

Depending on market factors, the continuing performance of the business and availability of franking credits, Sigma may consider other forms of capital management in the future.

Working capital initiatives have continued to reduce the level of trade receivables with DSO (Days Sales Outstanding) down 3 days from the FY12 year end. The cash conversion cycle for Sigma has also declined by 5 days to 57 days.

The strong profit and reduced working capital boosted a twelve month rolling ROIC of 12.4% in comparison to 9.3% reported for pcp.

"Delivering profitable growth and improving working capital management to further enhance ROIC, remains a key focus," said Sigma's CEO and Managing Director, Mark Hooper.

"While trading conditions for the second half are likely to be similar to the first half, Sigma is building a reliable, predictable and agile business that is well placed for growth in 2013."

Ms Sue Morgan
General Counsel & Company Secretary

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