

((SLIDE 1 – EMBRACE SLIDE))

- as people come in to the Auditorium

((SLIDE 2 – AGM MEETING HEADER SLIDE))

- as AGM commences

FINAL SPEECH

Chairman

Sigma Pharmaceuticals Limited

Annual General Meeting 23 May 2007

((SLIDE 3 – INTRODUCTION))

Good morning

I am once again pleased to stand before you today and report on another successful year for Sigma.

In the first full year since the merger between Sigma and Arrow, the company has established an unrivalled comprehensive offer to our customers. The reinvigorated customer focus prepares us for a strong future with continued growth opportunities for the company.

2006/07 has been a pivotal year in the continued differentiation of Sigma from our competitors. The successful integration of the Arrow and Sigma

business, completion of the Dandenong facility expansion project, continued investment in our Retail Banners, substantial growth in our generics portfolio, and roll-out of our exclusive Embrace program have resulted in an integrated pharmaceutical company uniquely positioned to capitalise on future growth opportunities.

We will discuss these in more detail later.

((SLIDE 4 – KEY FINANCIAL MEASURES))

As a company, Sigma has consistently delivered outstanding performances over the past 5 years. As outlined in our Annual Report, it is pleasing to report that this performance has continued post the merger with Arrow.

In terms of key financial measures, the table before you highlights the performance of the group for the 2007 financial year:

- ◆ Group Sales up 24.4% to 2.7 billion dollars;
- ◆ Group Earnings Before Interest, Tax, Depreciation and Amortisation, or EBITDA up 38.9% to 202.8 million dollars;
- ◆ Group Earnings Before Interest and Tax up 34.5% to 168.2 million dollars;

- ◆ Underlying Profit After Tax up 43.3% to 104.6 million dollars.

Our Managing Director, Mr Elmo de Alwis, will later cover the performance of the company compared to the pro-forma results from last year, along with results for each division in more detail.

There are some minor editorial changes to the 5 Year Summary table on page 3 of our Annual Report, and we have a hard copy of the updated replacement page available from the back of the auditorium following this meeting.

((SLIDE 5 – TOTAL SHAREHOLDER RETURNS))

Importantly for shareholders, the financial performance and business activity of the group translated into sustained strong shareholder returns.

The final dividend for the 2007 year of 5.15 cents per share, fully franked, brings the total for the year to 8.75 cents per share. This represents a headline payout ratio on reported profits of 81%. The Board will continue to review the dividend policy at future reporting periods to ensure it remains relevant for the company.

In respect of the previously announced 5.5% buy-back of the company's shares, we have not been able to agree on the terms of a selective buy-back with the Restricted Shareholders, and we are now considering the appropriate form for a non-selective buy-back.

((SLIDE 6 – BUSINESS UPDATE))

I would now like to concentrate on several key strategic initiatives that have been the main focus of our business over the past 12 months:

- ◆ Roll-out of our exclusive Embrace strategy
- ◆ The integration of Sigma and Arrow; and
- ◆ The Dandenong plant redevelopment;

In October 2006, the company launched the Embrace program to our retail pharmacy customers. This unique business partnership has been extremely well received by the Industry, with a substantial number of our Banner members and other pharmacy customers to date having made the required 3 year commitment to Sigma.

Last year we reported on the progress we were making in respect of the redevelopment of our Dandenong facility. I am pleased to confirm that the new facility was officially opened by the Federal Minister for Health and Ageing, the Honourable Tony

Abbott on 3rd of May this year. This redevelopment has firmly entrenched Sigma as the largest Australian manufacturer by volume of pharmaceutical products. The total capital expenditure of 63 million dollars represents one of the largest investments in a manufacturing facility by an Australian corporate in the past five years, and the upgraded facility is expected to deliver significant ongoing efficiency gains.

Significantly, the new facility has incorporated a number of sustainable ecological-friendly measures to ensure Sigma minimises any environmental impact.

With over 100 staff directly employed, the Dandenong facility now has the flexible and efficient capacity to produce approximately 3.3 billion tablets and 25 million units of liquids per annum. Combined with our 2 other facilities, Sigma has available further capacity expansion when it is required to meet our current and future manufacturing needs.

In addition to a range of key contract products, the facility will also manufacture Thyroxine and other essential medicines, a full range of analgesics, and solid and liquid Cough & Cold products.

The integration of the Sales and Marketing functions following the merger has been completed, with our

original forecast of 2 to 3 million dollars of savings having already been exceeded. Work has now commenced on the next stage of the integration, which focuses on systems and processes, and further ongoing savings are expected to be realised.

I would now like to address several industry issues.

Firstly, the ongoing strength of growth in the Pharmaceutical Benefits Scheme or PBS.

((SLIDE 7 – INDUSTRY UPDATE))

Recent data published by the Federal Government indicates that the growth in the PBS has slowed dramatically in recent years, and slow growth rates are also expected over the next four years, such that the PBS is now expected to decline as a proportion of GDP. The recent Budget unveiled by the Federal Government forecasts PBS growth in real terms of 1.5%, compared with the forward estimate in last year's budget being 5.6% per annum in real terms.

This continued slowdown in growth can be largely attributed to a shift in focus to preventative care and to a number of changes implemented by the Government.

These include:

- ◆ The 12.5% price reduction for branded and generic prescription products when the first generic prescription product of a class was listed
- ◆ Co-payment changes; and
- ◆ The 20 day no-repeat script rule

In addition to these measures, there have been the 4th Government Guild Agreement, introduced, from 1 July 2006, a reduction in Pharmaceutical Wholesaler margins from 10% to 7%, and the introduction of a Community Service Obligation payment, or CSO, to be shared by full line wholesalers. Sigma's allocation under the CSO has been less than the corresponding 3% reduction in margin, and our Managing Director will further discuss this important issue.

All these reforms have clear implications for our generics and wholesaling business. Your Board believes that a diversified company such as Sigma is in a strong position to deal with these reforms and any future industry changes.

((SLIDE 8 – BOARD COMPOSITION))

As disclosed in our earlier ASX releases, Mr David Duchen has resigned as a Director. Concurrent with David's departure from the Board, Paul Duchen has stepped down from the executive team, but will

continue to take on a consultancy role to assist Sigma with the commercialisation of the pipeline of generic products.

As David Duchen stated in his public announcement, "with the integration of Arrow in to Sigma having been completed, our involvement has become less hands on. Our investment philosophy is to play an active role in any company we invest in."

I would like to thank David and Paul for their insightful contribution over the past 18 months following the merger with Arrow and their assistance with the extension of the generic product pipeline and wish them success in their future endeavours.

As a consequence and in line with Agenda Item number 5 of this Annual General Meeting, we are moving to appoint 2 new Directors to your Board, and we hope to be in a position to make an announcement soon in this regard.

((SLIDE 9 – CLOSING))

In closing, I would like to acknowledge the contributions made by our employees and directors. In a year of consolidation following the merger, they have demonstrated admirable commitment and dedication in achieving the reported financial

performance, and their efforts position Sigma for continued success.

I would now like to hand over to our Managing Director, Elmo de Alwis, who will discuss the business performance in more detail.