

FINAL SPEECH – MANAGING DIRECTOR

SIGMA AGM MAY 23 2007

((SLIDE – INTRODUCTION))

Thank you Mr. Chairman.

Ladies and Gentlemen,

The Chairman has provided an overview of the business results for the 2006/7 financial year. I would now like to discuss these in more detail.

((SLIDE – UNDERLYING BUSINESS RESULT))

As our Chairman has noted, Sigma achieved sales of 2.7 billion dollars. To provide shareholders with a more meaningful comparison as to the underlying performance of the company, the table before you illustrates this year's result against the pro-forma result for the previous 12 months – in other words as if the Arrow business was part of the Group for the entire year.

As can be seen:

- ◆ Group Earnings Before Interest, Tax, Depreciation and Amortisation, or EBITDA increased 14.0% to 211.7 million dollars;
- ◆ Group Earnings Before Interest and Tax was up 16.2% to 177.2 million dollars; and
- ◆ Underlying Net Profit After Tax was up 15.4% to 104.6 million dollars, in line with our guidance of 15% growth.

((SLIDE – BALANCE SHEET))

Sigma also continues to enjoy a strong balance sheet, despite net debt as at 31 January 2007 increasing by 15.9% from the prior year, reflecting our significant Dandenong facility investment and increased working capital levels.

Although the level of net debt has increased slightly year on year, Gearing for the company remains at a conservative 16%, and together with a comfortable interest cover ratio of 6 times reflects our capacity to fund both organic and acquisition growth opportunities as they present.

The Sigma Rewards financing program continues its success, and now accounts for over 60% of wholesaling

receivables. This is a significant tool in the ongoing working capital management of the Healthcare Division.

Our continued focus on Risk Management has seen us actively reduce the number of Pharmacy Guarantees outstanding so that only 77 Pharmacy Guarantees now remain, with a gross liability of 25.3 million dollars, down 57% on the previous year, with an associated contingent liability of 4.9 million dollars. It is expected that the majority of these remaining guarantees will expire within the next 2 years. Sigma has achieved this in conjunction with establishing a program that has enabled us to continue to provide significant levels of finance facilitation for our pharmacist customers.

((SLIDE – PHARMACEUTICALS RESULTS))

Turning first to the pharmaceuticals division, sales decreased by 4.6% to 629.5 million dollars on a pro-forma basis. The main contributors to this result were:

- Sales of the licensed generic's Simvar and Xydep decreased by 37 million dollars as expected due to expiry of their exclusive generic status part way through the year.
- Excluding this impact, the generics business grew by over 50% compared to the prior year, reflecting

the importance of this product portfolio moving ahead.

- We also experienced decreases in sales from our lower margin distributed products sales channel, reducing from 13.5% to 9.5% of total divisional sales.
- 13 new generic molecules were launched by Sigma during the year, and these represented over 10% of total divisional sales.

Notwithstanding the sales decrease, EBIT margins for the division have continued to increase, from 16.7% to 20.2%, reflecting the improved sales mix. This increase reflects our focus on growing our higher margin generics and manufactured products. The commissioning of our Dandenong facility this year will result in additional efficiencies being generated and further improvements in our EBIT margins.

Turning now to the Healthcare business.

((SLIDE – HEALTHCARE RESULTS))

Against a backdrop of regulatory change introduced during the year and relatively flat PBS growth, the Healthcare Division results enshrine Sigma as the clear industry leader.

It is pleasing that the Division has been able to deliver sales growth of 11.0%, against a market growth of approximately 4% available to full-line wholesalers. The sales growth figure comprises 3.7% in the first half, and 17.8% in the second half of the year, reflecting the significant market share gains made following integration of the Sigma and Arrow sales teams, the increased percentage of compliant banner members, and the attractiveness of our product and service offering.

We have also been able to leverage this sales growth into EBIT growth of 12.9%, and our EBIT to sales margin remained steady at 2.7%.

The CSO has been a great step forward in recognising the true cost of supporting timely access to medicines by all consumers, but now it is up and running there is a need to ensure that the CSO funds are being paid to wholesalers that are delivering this service on a level playing field basis.

Our expectations that the 3% reduction in Wholesalers margin would be largely offset by our allocation from the CSO pool of funds under the 4th Guild Government Agreement have not been met, with Sigma experiencing

a shortfall in margin of approximately 0.9% on sales of PBS products, which in turn represent 70% of total Healthcare sales. Sigma is currently taking steps to address this issue and to ensure that future CSO funds will be applied for the purposes they were originally intended.

Sigma continues to invest substantial resources in supporting Australia's 2 largest banner groups in Amcal and Guardian. During the past year, a restructure of our Retail department has resulted in the implementation of a refocussed category and retail management offer to customers. A range of other sales initiatives have also been introduced, all of which combined have resulted in benefits for our banner members and increased wholesale, generics and OTC compliance levels for the company.

((SLIDE – EMBRACE))

As the Chairman touched on earlier, a key sales initiative launched during the year was the Embrace program.

Driven by a dedicated and experienced sales team, this unique business partnership offer to retail pharmacies

incorporates all elements of the comprehensive offer that Sigma is able to provide to our customers.

At a glance, the major components are:

- Exclusive pricing across Sigma's wholesale, OTC and generics products in return for agreed levels of compliance and in the case of generics, substitution levels
- additional business support services have been made available for Sigma Banner members
- a range of ancillary benefits is also offered, including Electronic ordering to make doing business with Sigma easier, an attractive Pharmacy specific Finance package, a Sale of Business facilitation service, preferential pricing for Private Prescription products, and exclusive networking opportunities.

Since inception of the program, we have noted the following results:

- The program has been enthusiastically received by the Industry
- It has delivered further tangible benefits to our Banner members over and above those traditionally enjoyed
- Embrace has resulted in increased market penetration across all areas of our business

- Sales to Embrace Members represent potentially EBIT accretive business to Sigma and in turn increased returns for our shareholders, due to the increased levels of compliance from existing and new customers
- The Finance package has been particularly well received, with over 170 million dollars of loans in various stages of completion since inception in December 2006. With exclusivity arrangements in place with our funding partners, the package represents no contingent liability to Sigma.

((SLIDE – EMBRACE MEMBER NUMBERS))

As per the table in front of you, the response to date has exceeded our expectations. Since the launch in October last year initially to our Amcal and Guardian members and then to our other retail pharmacy customers, almost 20% of all pharmacies in Australia have entered in to the required 3 year mutual commitment with Sigma.

Our initial member target level was to have 1,000 members by the end of this year, however following the successful roll-out to date, we now believe that 1,250 is an achievable revised target in this timeframe.

Importantly, our most recent focus has been ensuring Embrace members were achieving and maintaining the required levels of business and substitution compliance as per their Agreements with Sigma. Since recommencing active targeting of new members, the first 3 weeks of May has seen another 64 new members, bringing the total to 937 pharmacies committing to supporting Sigma, further evidencing our revised target number is readily achievable.

((SLIDE – SIGMA GENERICS))

Given the ongoing importance to Sigma of our Generics business, I felt it prudent to provide further details on this segment of the company's business model.

As part of the PBS reforms announced late last year, the Federal Government has committed to promoting the use of generics substitution by consumers in Australia. Most recently, the Federal Government announced in the Budget this month that 20 million dollars will be provided over the next three years to develop and implement a public awareness and education campaign about the safety and effectiveness of generic medicines and their role in ensuring a sustainable Pharmaceutical Benefits Scheme. Pharmacists have considerable influence over consumer's habits, and will be motivated to encourage substitution at the point of sale as Pharmacists will continue to generate higher gross margins by selling a generic equivalent than the patented drug post the reforms being introduced. As a result, we expect the current levels of consumer substitution at around 20% of all scripts dispensed to increase over the next few years. In line with the demonstrable market share gains Sigma continues to show in generics, it is further expected that our Company will be a major beneficiary of this increase.

The Sigma generics portfolio now totals 155 stock keeping units, with 13 new products launched in the past year. Incentive programs for our customers are in place and are constantly updated encouraging increased substitution levels, and coupled with automatic take-up of new and existing generic products by Embrace members, it is expected that our market share will continue to increase to that of clear market leader.

With a generic equivalent for all major patent expiries for the next 5 years to be delivered out of the product pipeline from the Arrow Group, the company looks forward to the future shareholder returns such an asset represents.

We are pleased to announce that Sigma will be working closely with the Arrow Group to identify and implement strategies aimed at further increasing our market share.

[SUMMARY]

In conclusion, I would like to summarise the Company as I see it.

With changing dynamics in the Industry, Sigma's comprehensive offer is compelling to our customers.

Retail pharmacy owners are looking for strong business partners to support them. Our company is uniquely positioned to take advantage of this change in industry dynamics.

Following the successful integration of the Sigma/Arrow business, we have a diversified earnings base and we have invested in our business to provide the framework to continue our growth into the future.

With the backing of a strong balance sheet, we are able to act quickly in making further investments in our people, processes and facilities, taking advantage of acquisitions as they present, and to fund continued organic growth.

Whilst there will continue to be regulatory and other challenges that present themselves, by virtue of our comprehensive business model, as a company we believe we are far better placed than our competitors to proactively respond to such changes.

In the first quarter of this current year, we are pleased that the sales growth achieved by the company is consistent with the growth achieved in the latter part of last year. However, there are various factors that have prevented these increased sales from translating to

commensurate profit increases in the quarter, including the impact of regulatory reforms particularly the current allocation of CSO funds which I referred to earlier.

Upon review of our current operations we believe that a combination of correcting our CSO allocation and continued growth in our Embrace customer base will enable us to meet our current market guidance. In addition, our full year profit growth will be skewed towards the second half of the financial year with the release of several new generic molecules.

In concluding, I would like to thank one of our key assets, the employees of the company, for the significant contributions they have made towards the continued growth and development of Sigma.

I would also like to thank our Chairman and my fellow Directors for their continuous support and contribution towards Sigma's success.

Finally, I would like to acknowledge and thank the investors, and our many customers, for their ongoing support of the Company.

I will now hand over to Mr Brian Jamieson, the Chair of the Remuneration Committee, who will present the pertinent points in relation to the Remuneration Report.

Thank you