

ASX and Media Release**Wednesday 19 December, 2012****Court Approval of Settlement of Class Action**

On 24 October 2012, Sigma Pharmaceuticals Limited ('Sigma') announced that it had reached a settlement agreement in relation to class action proceedings commenced by Slater & Gordon in October 2010. This action was on behalf of shareholders who purchased shares in Sigma between 7 September 2009 and 25 February 2010. Settlement was conditional upon approval of the Federal Court of Australia.

Today the Federal Court approved the settlement with payment expected to be made within seven days. The settlement does not involve any admission of liability by Sigma.

As a result of the Federal Court approval, the settlement payment will now be distributed to class members by Slater & Gordon. Once that is completed, the matter will come back before the Federal Court for Final Orders including that the class action against Sigma be dismissed.

The settlement payment of \$57.5 million will be reported as a material non-recurring item in the Company's 2012/13 full year results.

Trading Update

Trading in the second half has continued to be in line with expectations. Sales have been slightly stronger which are expected to flow through to gross profit. Consistent with the first half result, logistic costs have been higher than expected which is likely to largely offset the gross profit benefit at the EBIT line. In addition, a recent fridge failure in the Newcastle Distribution Centre and associated remediation works will result in an unbudgeted expense of approximately \$3 million.

Cash at the end of the financial year will be lower reflecting the payment of the class action settlement, the ongoing share buy-back, dividend payments, and some incremental investment in inventory levels to improve customer service levels.

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