



ASX Code: SIP

18 March 2010

## ASX ANNOUNCEMENT

### Re: Market update on Sigma on-going process to finalise its year end results

Following its announcement to the Australian Securities Exchange on 25 February 2010 in relation to possible adjustments to earnings guidance, Sigma is in the process of finalising its full year accounts for the year ended 31 January 2010.

As a result of increased recent market pressures (in the generics business in particular) the future cash flow forecasts that support the carrying value of goodwill have declined. The reduction in the expected cash flows combined with changes in Sigma's estimated cost of capital are likely to result in a material reduction in the carrying amount of goodwill on Sigma's balance sheet. The extent of the adjustments required has not been finalised.

In addition, while further analysis is still required and the extent of adjustments is still being fully assessed, the full-year results for the year ended 31 January 2010 are likely to be impacted by certain adjustments to reported profits. These adjustments relate in particular to items such as inventory provisioning and write-downs, redundancy provisioning and licence carrying values. Most of these adjustments are non-cash items.

As a consequence of these developments, while the extent of the impact has not been finalised, it appears unlikely the company will be in a position to pay a dividend in respect of the second half of the financial year ended 31 January 2010.

Sigma is in discussions with its lenders to resolve the implications of these expected adjustments for its banking covenants. While the covenants will require revision and renegotiation which will take time, Sigma believes the discussions are both positive and constructive.

While this process will lead to adjustments to the year end accounts, the Board and management are confident Sigma's operational and trading performance remains sound.

Business continues as usual and this process has not compromised Sigma's ongoing service levels to its customers or its relationships with its suppliers.

The company recognises the uncertainty felt since the trading halt announcement on 25 February 2010 by those suppliers and customers, as well as staff and investors, but it has a duty to ensure that the market is fully informed of the company's position before its shares resume trading on the ASX. Sigma expects to provide further information to the market on 23 March 2010, the originally scheduled date for the release of its full year results.

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