Appendix 4D

Half year financial report

Lodged with the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3.

Sigma Healthcare Limited

ABN 15 088 417 403

Reporting Period	Comparative Period
Half year ended 31 July 2018	Half year ended 31 July 2017

Results for announcement to the market

Group results	31 July 2018 $000	31 July 2017 $000	Change %
Sales revenue from ordinary activities	1,957,647	1,998,162	Down 2.0%
Net profit after tax (NPAT)	13,772	27,860	Down 50.6%
NPAT attributable to owners of the Company	13,397	27,808	Down 51.8%

Dividends

Since the end of the half year financial period, the Directors have resolved to pay an interim dividend of 1.5 cents per share fully franked, accordingly this dividend is not provided for in the balance sheet at 31 July 2018. The ex-dividend date is 12 October 2018, the record date is 15 October 2018 and it is expected to be paid on 29 October 2018.

Dividend	Amount per security	Franking percentage
Interim dividend – year ended 31 January 2019	1.5c	100%
Final dividend – year ended 31 January 2018	2.5c	100%
Interim dividend – year ended 31 January 2018	2.5c	100%

Net tangible asset per security

	31 July 2018	31 July 2017	Change (%)
Net tangible asset backing per ordinary share (cents)	35.1c	40.1c	Down 11.6%

Other information

Additional information supporting the Appendix 4D disclosure requirements, including a brief explanation of the figures above, can be found in the Directors' Report, notes to the condensed consolidated financial statements in this report and the Half Year Media/ASX Release lodged with the ASX.

Shareholder information

Sigma will host a presentation to analysts and media on Thursday 6 September 2018 at 10.00am with all presentation material posted to Sigma's website (www.sigmahealthcare.com.au)

Further information can be obtained from Gary Woodford (Corporate Affairs Manager):

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investor.relations@sigmahealthcare.com.au

Half year financial report

For the half year ended 31 July 2018

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This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 January 2018 and any public announcements made by Sigma Healthcare Limited during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Note regarding non-IFRS financial information

Within the Directors' report, the Group has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. The Group uses these measures to assess the performance of the business and believes that the information is useful to investors.

The following non-IFRS measures have not been subject to audit or review but have been extracted from the Group's condensed consolidated financial statements, which have been reviewed by the Group's external auditors:

- Underlying EBITDA – Earnings before interest, tax, depreciation and amortisation adjusted for non-operating items
- Underlying EBIT – Earnings before interest and tax adjusted for non-operating items
- Underlying NPAT – Profit after income tax expense adjusted for non-operating items

These measures should be considered as supplements to the other reported measures in the financial statements that have been presented in accordance with the Australian Accounting Standards and not as a replacement for them.

A reconciliation of underlying EBITDA, underlying EBIT and underlying NPAT to the nearest measure prepared in accordance with IFRS is included in the Directors' report.

The Directors present their report on Sigma Healthcare Limited (the Company) and its controlled entities (the Group) for the half year ended 31 July 2018.

Directors

The names of the Directors of the Company during the half year reporting period and until the date of this report were:

Mr B Jamieson
Mr M Hooper
Mr D Bayes
Mr R Gunston
Mr D Manuel
Ms K Spargo
Ms C Bartlett

Operating and Financial Review

Operations

The Group is one of the major full line pharmaceutical wholesaler and distribution businesses in Australia, delivering daily to pharmacies Australia wide. The Group also operates Australia's largest pharmacy-led network, across the brands Amcal, Chemist King, Discount Drug Stores, Guardian, and PharmaSave.

Through its Sigma Hospital Services business, the Group has a national presence in the hospital pharmacy distribution market, as well as the provision of third party logistics services through its subsidiary Central Healthcare Pty Limited (CHS).

The Group also manages and promotes a range of over-the-counter Private and Exclusive label products made available to brand member customers, as well as the Pharmacy Care Private Label range that is made available to all pharmacy customers.

During the past year, the Group commenced providing dose administration aid and related services through its acquisition of the Medication Packaging Systems (MPS) business, and supplying medical and allied products through its acquisition of the Medical Industries Australia (MIA) business.

Financial performance

The Group consolidated net profit after tax (NPAT) for the half year ended 31 July 2018 of $13,772,000 was down 50.6% from the prior period ($27,860,000). Reported earnings before interest, tax, depreciation and amortisation (EBITDA) of $31,519,000 was down 32.6% on the prior period ($46,773,000).

Both periods were impacted by non-operating items. In the current period, expenses of $9,252,000 before tax ($6,476,000 after tax) resulted from restructuring, litigation and due diligence costs. In the prior period, there were restructuring, litigation and due diligence costs of $1,531,000 before tax ($1,072,000 after tax).

	31 July 2018 $'000	31 July 2017 $'000
Reported NPAT attributable to owners of the Company	13,397	27,808
Add: Restructuring and dual operating costs after tax	6,090	302
Add: Litigation and due diligence costs after tax	386	770
Underlying NPAT attributable to owners of the Company	19,873	28,880
Reported EBITDA	31,519	46,773
Less: Depreciation and amortisation	6,199	4,018
Reported EBIT	25,320	42,755
Add: Restructuring and dual operating costs before tax	8,700	431
Add: Litigation and due diligence costs before tax	552	1,100
Less: Non-controlling interests before interest and tax	(473)	(130)
Underlying EBIT attributable to owners of the Company	34,099	44,156
Add: Depreciation and amortisation attributable to owners of the Company	6,199	4,018
Underlying EBITDA attributable to owners of the Company	40,298	48,174

Financial performance (continued)

Removing the impact of these adjustments, underlying NPAT attributable to owners of the Company was down 31.2% to $19,873,000 ($28,880,000 in the prior period). Underlying EBITDA attributable to owners of the Company of $40,298,000 was down 16.3% from $48,174,000 reported in the prior period.

Sales revenue was $1,957,647,000, down 2.0% on the prior period of $1,998,162,000. The decrease in sales revenue was influenced by the reduction in demand for high cost, low margin, Hepatitis C medications. Adjusting for sales of Hepatitis C medications, sales revenue was up 3.2%. This result was impacted by a range of contributing factors including:

- an increase in hospitals revenue of 35% (excluding Hepatitis C sales) resulting from growth in Western Australian and New South Wales hospitals and the extension of key Victorian hospital contracts.
- incremental sales from Medication Packaging Systems (MPS) and Medical Industries Australia (MIA), following their acquisition in the second half of 2017
- an increase in retail pharmacy wholesale volumes (excl Hep C) of 1.0%, due to sales gained from the Department of Defence contract
- offset by reduced prices from ongoing Pharmaceutical Benefits Scheme (PBS) price reform, the loss of sales from suppliers distributing directly to customers and higher customer rebates paid to the My Chemist/Chemist Warehouse (MC/CW) Group.

Gross profit for the period declined by 4.5% to $135,074,000, compared to $141,369,000 in the prior period, with total gross margin of 6.9% decreasing from 7.1%. Excluding the influence of Hepatitis C sales, underlying gross margin decreased from 7.9% in the prior period to 7.4%, caused by a proportional increase in lower margin sales contributed from the hospitals business, ongoing PBS reform and higher customer rebates.

Other revenue of $48,955,000 was up 24.0% from $39,488,000 in the prior period due to dose administration services provided by MPS following its acquisition in September 2017. Other revenue also includes pharmacy brand member fees, other rebates, promotional and marketing income and data analytics services.

Warehouse and delivery expenses were $82,556,000, up 22.2% from the prior period. This increase reflects additional operating costs, including one-off redundancies associated with the closure of the Mansfield (Queensland) distribution centre and the establishment of the Group's new distribution centre in Berrinba, Queensland. The period was also impacted by the inclusion of warehouse costs to service our new MPS operations and an increase in people costs in accordance with our EBA agreements.

Investment in the Group's key distribution centres will drive future operational efficiencies, these include:

- the Queensland distribution centre at Berrinba, which commenced operations in February 2018
- the Western Australian distribution centre at Canning Vale expected to be completed in the second half of 2018
- the New South Wales distribution centre in Kemps Creek in the western suburbs of Sydney. Construction commenced during the half, and completion is expected early in the 2020 calendar year.
- a new distribution centre in Pooraka, a northern suburb of Adelaide, to replace the Group's existing South Australian distribution centre. Construction has begun and is expected to be completed late in the 2019 calendar year.

Sales and Marketing expenses of $33,177,000 for the period were down 2.4% from $33,998,000 in the prior period. The decrease reflects implementation of more efficient advertising spend, combined with a reduction in doubtful debtors expense compared to the prior period.

Administration costs for the half year were up 13.0% to $36,777,000 ($32,541,000 in the prior period). The cost increase is attributable to one-off redundancy costs incurred as part of a cost review undertaken during the half and expenses contributed by MPS and MIA following their acquisition in late 2017.

Depreciation and amortisation expenses of $6,199,000 were 54.3% higher than $4,018,000 in the prior period. The increase reflects additional depreciation from the completion of the distribution centre at Berrinba in Queensland, as well as depreciation and amortisation from property, plant and equipment and software acquired through the acquisitions of MPS and MIA.

Net interest expense of $4,998,000 was up 161% from $1,916,000 in the prior period. The increase reflects the higher average monthly debt position held in the current reporting period to fund the Group's distribution centre capital expenditure program.

Income tax expense of $6,550,000 (effective tax rate of 32.2%) was down compared to $12,979,000 (effective tax rate of 31.8%) in the prior period, in line with a decrease in reported profit before tax.

Financial position

The Group's net assets since 31 January 2018 have decreased $14,043,000 from $515,259,000 to $501,216,000. This decrease reflects the high dividend payout ratio and share buyback as well as $3,316,000 from the implementation of new accounting standards effective 1 February 2018.

Working capital has reduced by $3,545,000 since the year end 31 January 2018 to $375,282,000. The Cash Conversion Cycle (CCC), being the net of Days Sales Outstanding (DSO), Days Inventory On Hand (DIO) and Days Payable Outstanding (DPO), has remained largely consistent, increasing 1 day to 33 days. Adjusting for Hepatitis C, the CCC increased by 3 days to 38.

Underlying Return on Invested Capital ("ROIC") for the current period was 13.6%[1] compared to 16.1% at the end of the half year 31 July 2017. ROIC remains a strong focus for management, with the decrease reflecting lower profit over the period, in addition to additional capital employed to acquire MPS and MIA and the investment in the Group's distribution centres to drive future operational efficiencies (the Berrinba distribution centre is included in the asset base for determining ROIC now that it is operational).

The on-market share buy-back program continued during the period, with an investment of $868,000 to acquire and cancel 1,163,248 shares. Since the commencement of the on-market share buy-back program in October 2012, the Company has invested a total of $99,486,000 to acquire and cancel 131,884,923 of the Company's shares, at an average price of $0.75 per share. This represents 11.1% of issued capital since its commencement. The continuation of the program will be periodically reviewed by the Board in the context of our ongoing business objectives.

[1] *Underlying pre-tax ROIC is based on the last 12 months of underlying earnings (EBIT), excluding non-operating items, and net assets adjusted for capital work in progress on the construction of new distribution centres.*

Likely developments and expected results of operations

The Group remains committed to our overarching vision and strategy, including seeking opportunities to expand and broaden our business operations to reduce our reliance on income derived from the distribution of PBS listed medicines. This may see the Group identify acquisition opportunities that are consistent with this strategy and make acceptable commercial returns.

On 2 July 2018, the Company announced that a commercially acceptable agreement could not be reached with the MC/CW Group to extend the existing contract beyond 30 June 2019. As a result of this announcement, annualised Sales Revenue is likely to decline by around $1.7 billion, with the potential for some FMCG sales to decline prior to that date as part of the business transition process. As part of the cessation of the MC/CW contract on 30 June 2019, approximately $300 million of working capital will be returned to the Company.

During the half year, the Group continued construction of a new distribution centre at Canning Vale in Western Australia, which is anticipated to be operational in the last quarter of the 2018 calendar year. The Group has also commenced construction of a new distribution centre on owned land in Kemps Creek in New South Wales, and on leased land at Pooraka in South Australia. They are anticipated to be operational in the first quarter of the 2020 calendar year and last quarter of the 2019 calendar year respectively.

The Group has appointed Accenture to support the efficient exit of the MC/CW Group and to provide intellectual rigour and practical experience to restructuring initiatives. This appointment supplements existing internal programs, and is aimed at enhancing the efficiency and effectiveness across all of the Group operations, and is likely to result in business process, operational and structural changes.

Material risks

The commercial agreement with the MC/CW Group is set to expire on 30 June 2019. As a result, there is a risk that the Group is not able to adjust the business model and extract cost savings quickly and effectively enough to offset the impact of the loss of the contract. There is also a risk that MC/CW seeks to transition some product supply prior to the cessation of the contract.

During the 2017 calendar year, Astra Zeneca notified the regulated CSO wholesalers and pharmacy customers that it would commence exclusive distribution of certain PBS products directly to pharmacy, outside of the regulated market. Astra Zeneca selected the higher profitable products for exclusive manufacturer direct distribution, leaving the unprofitable products for CSO wholesalers to distribute. The Group and industry bodies continue to hold discussions with Government regarding the impact such an anti-competitive exclusive model has on the supply chain and patient access to medicines. Should the Government not act to discourage such activity, this could have a material impact on the wholesale supply chain and therefore the Group.

Other than as highlighted within the Directors' Report, there has not been a material change in the Group's risk profile since 31 January 2018 as outlined in the 31 January 2018 Directors' Report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of amounts

The Company is a Company of the kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016. In accordance with that Corporations Instrument, the amounts shown in the directors' report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Events subsequent to balance date

Subsequent to 31 July 2018 the following events and transactions have occurred:

Dividend

Since the end of the half year, the Board of Directors have resolved to pay an interim dividend of 1.5 cents per share fully franked, to be paid to shareholders on 29 October 2018. The ex-dividend date is 12 October 2018 and the record date is 15 October 2018. The total amount payable is $15.9 million.

Other than the matter above, there has not been any other matter or circumstances that have arisen since 31 July 2018 that have significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years not otherwise disclosed.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the *Corporations Act* 2001, dated 5 September 2018.

Brian Jamieson
Chairman

Mark Hooper
Managing Director

Melbourne,
5 September 2018

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The Board of Directors
Sigma Healthcare Limited
3 Myer Place
Rowville VIC 3178

5 September 2018

Dear Board Members

Sigma Healthcare Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Sigma Healthcare Limited.

As lead audit partner for the review of the financial statements of Sigma Healthcare Limited for the period ended 31 July 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Reid
Partner
Chartered Accountants

Condensed consolidated statement of comprehensive income

For the half year ended 31 July 2018

	Notes	31 July 2018 $'000	31 July 2017 $'000
Sales revenue		**1,957,647**	1,998,162
Cost of goods sold		**(1,822,573)**	(1,856,793)
Gross profit		**135,074**	141,369
Other revenue		**48,955**	39,488
Warehousing and delivery expenses		**(82,556)**	(67,545)
Sales and marketing expenses		**(33,177)**	(33,998)
Administration expenses		**(36,777)**	(32,541)
Profit before depreciation and amortisation, finance costs and income tax (EBITDA)		**31,519**	46,773
Depreciation and amortisation	3	**(6,199)**	(4,018)
Profit before finance costs and income tax (EBIT)		**25,320**	42,755
Finance income		**425**	749
Finance costs		**(5,423)**	(2,665)
Net finance costs		**(4,998)**	(1,916)
Profit before income tax		**20,322**	40,839
Income tax expense		**(6,550)**	(12,979)
Profit for the half year		**13,772**	27,860
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of financial asset		**-**	(208)
Exchange differences on translation of foreign operations		**7**	(59)
Income tax relating to components of other comprehensive income		**(2)**	80
Items that will not be reclassified to profit or loss:			
Net change in fair value of equity instruments		**(541)**	-
Income tax relating to components of other comprehensive income		**162**	-
Other comprehensive loss for the half year (net of tax)		**(374)**	(187)
Total comprehensive income for the half year		**13,398**	27,673
Profit attributable to:			
Owners of the Company		**13,397**	27,808
Non-controlling interest		**375**	52
Profit for the half year		**13,772**	27,860
Total comprehensive income attributable to:			
Owners of the Company		**13,023**	27,621
Non-controlling interest		**375**	52
Total comprehensive income for the half year		**13,398**	27,673
Earnings per share (cents) attributable to owners of the Company			
Basic earnings per share		**1.4**	2.8
Diluted earnings per share		**1.3**	2.6

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the condensed consolidated financial statements

Condensed consolidated balance sheet

As at 31 July 2018

	Notes	**31 July 2018 $'000**	31 January 2018 $'000
Current assets			
Cash and cash equivalents		**21,585**	82,249
Trade and other receivables		**575,145**	577,870
Inventories		**367,662**	353,981
Current income tax receivable		**11,472**	3,819
Prepayments		**6,618**	6,376
Assets classified as held for sale		**9,123**	9,123
Total current assets		**991,605**	1,033,418
Non-current assets			
Trade and other receivables		**5,809**	868
Property, plant and equipment	5	**181,730**	128,515
Goodwill and other intangible assets	6	**125,819**	125,371
Other financial assets		**1,750**	2,292
Net deferred tax assets		**18,715**	17,775
Total non-current assets		**333,823**	274,821
Total assets		**1,325,428**	1,308,239
Current liabilities			
Bank overdraft		**-**	-
Trade and other payables		**596,460**	568,804
Borrowings	7	**200,014**	195,014
Provisions		**17,606**	17,530
Deferred income		**2,993**	3,159
Total current liabilities		**817,073**	784,507
Non-current liabilities			
Other payables		**264**	344
Borrowings	7	**782**	788
Provisions		**4,377**	4,777
Deferred income		**1,716**	2,564
Total non-current liabilities		**7,139**	8,473
Total liabilities		**824,212**	792,980
Net assets		**501,216**	515,259
Equity			
Contributed equity	8	**1,202,577**	1,200,755
Reserves		**13,633**	14,272
Accumulated losses		**(715,874)**	(701,919)
Non-controlling interest		**880**	2,151
Total equity		**501,216**	515,259

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes to the condensed consolidated financial statements

Condensed consolidated statement of cash flows

For the half year ended 31 July 2018

	Notes	31 July 2018 $'000	31 July 2017 $'000
Cash flows from operating activities			
Receipts from customers		**2,192,466**	2,218,118
Payments to suppliers and employees		**(2,156,534)**	(2,193,798)
Interest received		**425**	749
Interest paid		**(5,355)**	(2,344)
Income taxes paid		**(13,045)**	(17,258)
Net cash inflow from operating activities		**17,957**	5,467
Cash flows from investing activities			
Payments for property, plant and equipment, software and intangibles		**(58,709)**	(35,817)
Acquisition of subsidiaries, net of cash acquired		**(683)**	(73)
Proceeds from sale of property, plant and equipment		**-**	815
Net cash outflow from investing activities		**(59,392)**	(35,075)
Cash flows from financing activities			
Net proceeds from borrowings		**4,994**	94,996
Payments for shares bought back	8(a)	**(868)**	(3,553)
Payments for shares purchased for employees	8(b)	**(3,251)**	(4,177)
Proceeds from employee shares exercised	8(b)	**6,066**	3,613
Dividends paid	4	**(26,180)**	(30,287)
Net cash inflow / (outflow) from financing activities		**(19,239)**	60,592
Net increase / (decrease) in cash and cash equivalents		**(60,674)**	30,984
Cash and cash equivalents held at the beginning of the financial period		**82,249**	(7,726)
Effects of exchange rate changes on cash and cash equivalents		**10**	(15)
Cash and cash equivalents at the end of the financial period		**21,585**	23,243

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes to the condensed consolidated financial statements

Condensed consolidated statement of changes in equity

For the half year ended 31 July 2018

	Notes	Contributed equity: Issued capital $'000	Contributed equity: Treasury shares $'000	Reserves: Fair value reserve $'000	Reserves: Foreign currency translation reserve $'000	Reserves: Options / performance rights reserve $'000	Reserves: Employee share reserve $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 February 2017		**1,299,156**	**(72,252)**	**(29)**	**310**	**5,147**	**5,124**	**(700,693)**	**1,824**	**538,587**
Profit for the half year		-	-	-	-	-	-	27,808	52	27,860
Other comprehensive income		-	-	(146)	(41)	-	-	-	-	(187)
Total comprehensive income for the half year		**-**	**-**	**(146)**	**(41)**	**-**	**-**	**27,808**	**52**	**27,673**
Transactions with owners in their capacity as owners:										
Employee shares exercised	8(b)	-	3,613	-	-	-	-	-	-	3,613
Share-based remuneration plans		-	-	-	-	1,649	-	-	-	1,649
Share buy-back	8	(3,553)	(4,177)	-	-	-	-	-	-	(7,730)
Dividends paid	4	-	-	-	-	-	1,947	(32,234)	-	(30,287)
Dividends applied to equity compensation plan		-	-	-	-	-	(646)	-	-	(646)
Reclassification of settled and expired share based transactions		-	395	-	-	(2,399)	(74)	2,078	-	-
Income tax relating to transactions with owners		-	-	-	-	-	10	-	-	10
		(3,553)	**(169)**	**-**	**-**	**(750)**	**1,237**	**(30,156)**	**-**	**(33,391)**
Balance at 31 July 2017		**1,295,603**	**(72,421)**	**(175)**	**269**	**4,397**	**6,361**	**(703,041)**	**1,876**	**532,869**
Balance at 31 January 2018		**1,287,137**	**(86,382)**	**554**	**213**	**5,827**	**7,678**	**(701,919)**	**2,151**	**515,259**
Adjustment on adoption of AASB 9	9	**-**	**-**	**-**	**-**	**-**	**-**	**(4,003)**	**-**	**(4,003)**
Adjustment on adoption of AASB 15	9	**-**	**-**	**-**	**-**	**-**	**-**	**687**	**-**	**687**
Balance at 1 February 2018		**1,287,137**	**(86,382)**	**554**	**213**	**5,827**	**7,678**	**(705,235)**	**2,151**	**511,943**
Profit for the half year		**-**	**-**	**-**	**-**	**-**	**-**	**13,397**	**375**	**13,772**
Other comprehensive loss		**-**	**-**	**(379)**	**5**	**-**	**-**	**-**	**-**	**(374)**
Total comprehensive income for the year		**-**	**-**	**(379)**	**5**	**-**	**-**	**13,397**	**375**	**13,398**
Transactions with owners in their capacity as owners:										
Employee shares exercised	8(b)	**-**	**6,066**	**-**	**-**	**-**	**-**	**-**	**-**	**6,066**
Share-based remuneration plans		**-**	**-**	**-**	**-**	**1,157**	**-**	**-**	**-**	**1,157**
Share buy-back	8	**(868)**	**(3,251)**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,119)**
Dividends paid	4	**-**	**-**	**-**	**-**	**-**	**1,902**	**(26,436)**	**(1,646)**	**(26,180)**
Dividends applied to equity compensation plan		**-**	**-**	**-**	**-**	**-**	**(1,049)**	**-**	**-**	**(1,049)**
Reclassification of settled and expired share based transactions		**-**	**(125)**	**-**	**-**	**(2,693)**	**(355)**	**3,173**	**-**	**-**
Income tax relating to transactions with owners		**-**	**-**	**-**	**-**	**-**	**773**	**(773)**	**-**	**-**
		(868)	**2,690**	**-**	**-**	**(1,536)**	**1,271**	**(24,036)**	**(1,646)**	**(24,125)**
Balance at 31 July 2018		**1,286,269**	**(83,692)**	**175**	**218**	**4,291**	**8,949**	**(715,874)**	**880**	**501,216**

All items in the consolidated statement of changes in equity are net of tax. The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

1. Basis of financial report preparation and significant accounting policies

Statement of compliance

This general purpose financial report for the half year ended 31 July 2018 has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This half year report does not include all the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report, together with any public announcements made by Sigma Healthcare Limited during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In order to conform with the current period's presentation, certain comparatives have been re-classified.

Management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are evaluated on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company is a Company of the kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016. In accordance with that Corporations Instrument, the amounts shown in the directors' report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

New accounting standards and interpretations

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

New and revised standards and amendments thereof and interpretations effective for the current half year period that are relevant to the group include:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Annual Improvements 2014-2016*
- AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

Refer Note 9 for the impacts of adopting AASB 9 and AASB 15 on the Group. The adoption of all other amending standards above did not have any impact on the disclosures or amounts recognised in the condensed consolidated financial statements for the half year ended 31 July 2018.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 February 2018 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements. The Group's assessment of the impact of these standards and interpretations is set out below.

Title	Nature of change and summary of impact	Mandatory and anticipated date of application
AASB 16 *Leases*	AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 Leases and the related interpretations when it becomes effective. AASB 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. This standard must be implemented retrospectively, either with the restatement of comparative information or with the cumulative impact of application recognised as at 1 February 2019 under the modified retrospective approach. AASB 16 contains several practical expedients. Under the modified retrospective approach, on a lease-by-lease basis, the right of use of an asset may be deemed to be equivalent to the liability at transition or calculated retrospectively as at inception of the lease.	1 February 2019

	The Group expects to apply one of the modified retrospective transition options upon implementation from 1 February 2019. *Assessment of impact* The Group has made progress in its assessment of the impact of adoption of AASB 16, including completion of the following: • Identifying leases and contracts that could be determined to include a lease • Collection of lease data required to calculate the impact assessment • Identifying areas of complexity or judgement relevant to the Group, and • Identifying necessary changes to processes required to enable reporting and accounting in the new standard. The full financial impact of adopting AASB 16 has not yet been determined, however the following impacts are expected on implementation date: • A material right-of-use asset and a lease liability will be recognised on the balance sheet • Finance costs will increase due to the interest component of the lease liability • Depreciation expense will increase due to depreciation of the right-of-use asset • Lease rental operating expenses will reduce to close to nil • In the Statement of Cash Flows, operating cash outflows will decrease and financing cash outflows will increase as repayment of the principal balance in the lease liability will be classified as a financing activity. It is not practicable to provide an estimate of the financial effect on implementation, as it is dependent on a number of unresolved areas, including determination of appropriate discount rates and the choice of transition method. It is also dependent on the facts and circumstances at the time of transition. Notwithstanding this, it is expected that the right-of-use asset and the lease liability will be material with respect to total assets and total liabilities.	

There are no other standards that are not yet effective that are expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

2. Segment information

Information on segments

Management has determined the operating segments based on the reports reviewed and used by the Group's chief operating decision makers (CODM) to make strategic and operating decisions. The CODM have been identified as the executive team consisting of the Chief Executive Officer and Managing Director (CEO), Chief Financial Officer (CFO), Executive General Manager Operations and Executive General Manager Retail Pharmacy. For the half year ended 31 July 2018 management determined that the Group operates only in the Healthcare segment. The Healthcare segment represents the traditional full line pharmacy wholesale business, retail and private label product ranges.

The aggregation criteria under AASB 8 *Operating Segments* has been applied to include the results of Central Healthcare Group, Discount Pharmacy Retail Group, NostraData Pty Ltd, Medical Packaging Systems and Medical Industries Australia within the Healthcare segment. Central Healthcare Group, Discount Pharmacy Retail Group, NostraData Pty Ltd, Medical Packaging Systems and Medical Industries Australia are separate cash generating units for impairment testing purposes.

Segment information provided to the CODM

The CODM primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortisation adjusted for the effects of significant non-recurring items ("Underlying EBITDA") to assess the performance of the business. The Group deems Underlying EBITDA to be the most relevant measure of performance in the short to medium term, as the significant capital expenditure program currently in progress will result in an increase in depreciation and amortisation expense in the medium term as construction of distribution centres complete and operations commence.

Underlying EBITDA reconciles to profit before tax for the Group as follows:

	31 July 2018 **$'000**	31 July 2017 $'000
Underlying EBITDA attributable to owners of the company	**40,298**	48,174
Less: Restructuring and dual operating costs before tax	**(8,700)**	(431)
Less: Litigation and due diligence costs before tax	**(552)**	(1,100)
Add: Non-controlling interests before interest and tax	**473**	130
Less: Net finance costs	**(4,998)**	(1,916)
Less: Depreciation and amortisation	**(6,199)**	(4,018)
Profit before income tax	**20,322**	40,839

Geographical segments

The Group operates predominantly within Australia.

Information on major customers

Revenue from one customer group contributes 42.2% of the Group's revenues (2017: 40.2%). Sales revenue for the half year ended 31 July 2018 was $826,728,000 (2017: $802,691,000).

3. Profit for the half year

	Note	31 July 2018 $'000	31 July 2017 $'000
Profit before tax includes the following specific expenses:			
Write down of inventories to net realisable value		**1,938**	2,131
Net impairment loss on trade debtors		**310**	864
Depreciation and amortisation:			
Amortisation – brand names	6	**243**	243
Amortisation – software	6	**2,036**	1,052
Depreciation – buildings	5	**371**	233
Depreciation – plant and equipment	5	**3,549**	2,490
Total depreciation and amortisation		**6,199**	4,018

4. Dividends

	31 July 2018 $'000	31 July 2017 $'000
Dividends paid during the half year:		
Dividends recognised by the parent entity	**26,516**	32,257
Less: dividends paid on shares held by Sigma Employee Share Plan	**(80)**	(23)
Less: dividends paid on shares issued under the Sigma Employee Share Plan	**(1,902)**	(1,947)
Dividends recognised by non-controlling interests	**1,646**	-
Dividends paid by the group	**26,180**	30,287

Since the end of the half year a fully franked interim dividend of 1.5 cents per share has been declared by the Directors (See Note 11).

5. Property plant and equipment

	Land and buildings $'000	Plant and equipment $'000	Total $'000
At 31 January 2018			
Cost	70,726	107,167	177,893
Accumulated depreciation	(2,594)	(46,784)	(49,378)
Net book amount	**68,132**	**60,383**	**128,515**
Half year ended 31 July 2018			
Opening net book amount	**68,132**	**60,383**	**128,515**
Additions	**36,994**	**20,141**	**57,135**
Disposals	**-**	**-**	**-**
Depreciation	**(371)**	**(3,549)**	**(3,920)**
Closing net book amount	**104,755**	**76,975**	**181,730**
At 31 July 2018			
Cost	**107,720**	**126,944**	**234,664**
Accumulated depreciation	**(2,965)**	**(49,969)**	**(52,934)**
Net book amount	**104,755**	**76,975**	**181,730**

Capital Work in Progress

Included in property, plant and equipment at 31 July 2018 is $56,813,000 of capital work in progress ($34,340,000 in land and buildings and $22,473,000 in plant and equipment) (31 January 2018: $23,256,000). The majority of this balance relates to the construction of the Canning Vale distribution centre in Western Australia.

6. Goodwill and intangible assets

		INTANGIBLES			
	Goodwill	Brand names	Software	Other intangibles[1]	Total
	$'000	$'000	$'000	$'000	$'000
At 31 January 2018					
Cost	93,084	25,533	29,369	940	148,926
Accumulated amortisation	-	(12,110)	(10,505)	(940)	(23,555)
Net book amount	**93,084**	**13,423**	**18,864**	**-**	**125,371**
Half year ended 31 July 2018					
Opening net book amount	**93,084**	**13,423**	**18,864**	**-**	**125,371**
Additions	**-**	**-**	**2,718**	**-**	**2,718**
Foreign currency movements	**-**	**9**	**-**	**-**	**9**
Amortisation	**-**	**(243)**	**(2,036)**	**-**	**(2,279)**
Closing net book amount	**93,084**	**13,189**	**19,546**	**-**	**125,819**
At 31 July 2018					
Cost	**93,084**	**25,569**	**32,087**	**940**	**151,680**
Accumulated amortisation	**-**	**(12,380)**	**(12,541)**	**(940)**	**(25,861)**
Closing net book amount	**93,084**	**13,189**	**19,546**	**-**	**125,819**

[1] Other intangibles consist of customer relationships and supplier contracts

Impairment of goodwill and intangible assets

Goodwill is not amortised and is tested at least annually for impairment. Other intangible assets are carried at cost less accumulated amortisation and impairment losses.

The Group has tested the Sigma and Central Healthcare Group (CHS) Cash Generating Units (CGUs) for impairment at 31 July 2018, applying the Fair Value Less Costs of Disposal (FVLCD) basis using a discounted cash flow valuation model. For the Sigma CGU, this represents a change in methodology from the Value in Use model used in the prior period as there are planned restructuring initiatives and changes proposed in response to a loss of a major customer group over the forecast period.

<u>Sigma CGU</u>

Impairment testing was undertaken on the Sigma CGU by comparing its recoverable amount to its carrying amount. The recoverable value is 110% of the carrying value of the CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the Sigma CGU goodwill and other non-cash assets.

- <u>Cash flow forecasts:</u> covering a period of five years – the first year is based on the current financial forecast approved by the Board, with the remaining four years reflecting the Group's preliminary identified plans for cost rationalisation, procurement and other savings initiatives in response to the cessation of its contract with the My Chemist/Chemist Warehouse (MC/CW) Group. The Group has appointed an external consulting firm to support a major business re-engineering and cost reduction program and any additional savings from this exercise are not yet reflected in the model. The forecasts also include revenue arising from expected new wholesale business and the return of working capital from the cessation of the contract. The model does not currently reflect any cash flows from the re-investment of this working capital return.
- <u>Terminal value:</u> is calculated using a long-term growth rate based on the cash flow forecast for year five. The long-term growth rate applied is 2.5%, which does not exceed the long-term industry growth rate.
- <u>Discount rates:</u> Cash flow forecasts have been discounted using a pre-tax risk adjusted discount rate of 13.1%.

Management have assessed that the Sigma CGU is sensitive to reasonable changes in the following key assumptions:

- The cash flow forecast assumptions, specifically, if the cost savings and revenue from restructuring initiatives and business development activities are not achieved effectively and efficiently and consequently do not mitigate the impact of the loss of the MC/CW Group. If 20% of the cash inflows from the cost savings and revenue growth initiatives included in the CGUs cash flows are not achieved, then the carrying value of the CGU would equal its recoverable amount.
- Pre-tax discount rate (13.1%) – if this pre-tax discount rate was 14.6% the carrying value of the CGU would equal its recoverable amount.

<u>CHS CGU</u>

Impairment testing was undertaken on the CHS CGU by comparing its recoverable amount to its carrying amount. The recoverable value is 105% of the carrying value of the CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the CHS CGU goodwill and other non-cash assets.

- <u>Cash flow forecasts:</u> covering a period of five years – the first year is based on the current financial forecast approved by the Board, with the remaining four years being extrapolated using a long-term growth rate not exceeding 3.5%. The forecast also includes cost rationalisation, procurement and other savings initiatives over the five-year period, as well as revenue arising from expected new third-party logistics business development initiatives.

6. Goodwill and intangible assets (continued)

- Terminal value: The terminal value is calculated using a long-term growth rate based on the cash flow forecast for year five. The long-term growth rate applied is 2.5%, which does not exceed the long-term industry growth rate.
- Discount rates: Cash flow forecasts have been discounted using a pre-tax risk adjusted discount rate of 13.1%.

Management have assessed that the CHS CGU is sensitive to reasonable changes in following key assumptions.

- Business performance – which includes not achieving the cost savings and revenue growth from restructuring initiatives and business development activities included in the cash flow forecasts
- Pre-tax discount rate (13.1%) – if this discount rate was 13.7% the carrying value of the CGU would equal its recoverable amount
- Long-term growth rate (2.5%) – if this growth rate was 2.1% the carrying value of the CGU would equal its recoverable amount.

7. Borrowings

	31 July 2018 $'000	31 January 2018 $'000
Current		
Other secured loans	**200,014**	195,014
Total current borrowings	**200,014**	195,014
Non-current		
Other secured loans	**32**	38
Unsecured loans	**750**	750
Total non-current borrowings	**782**	788

Westpac debtor securitisation facility

The Group has a $370 million debtor securitisation facility with Westpac Banking Corporation split into an overdraft facility of $170 million and a revolving facility of $200 million. The facility expires on 30 November 2018 and management expects to refinance this debt in advance of this date.

The facility is subject to interest cover and gearing covenants and provides the Group with additional funding flexibility to meet its major infrastructure investment as well as ongoing working capital requirements. Using a pool of its eligible receivables as security, Sigma can draw down funds provided through advances from Westpac pursuant to the agreement in place.

The interest rate applicable to the facility is variable and Sigma does not hedge the interest rate. The costs associated with this program are recorded in “finance costs” in the consolidated statement of comprehensive income.

Debtor securitisation programme

The Group operates a debtor securitisation programme. This programme allows the Group to receive cash in advance due to the fact that substantially all the risks and rewards of ownership of debtors within the programme are transferred to a third party. Accordingly, the debtors are recorded off balance sheet. The costs associated with this programme are recorded in “sales and marketing expenses” in the consolidated statement of comprehensive income.

8. Contributed equity

	31 July 2018 $'000	31 January 2018 $'000
Issued Capital:		
Ordinary shares fully paid	**1,286,269**	1,287,137
Issued capital held by equity compensation plan:		
Treasury shares	**(83,692)**	(86,382)
Total contributed equity	**1,202,577**	1,200,755

(a) Movements in ordinary share capital

	No. of shares	$'000
Balance at 31 July 2017	1,070,866,899	1,295,603
Shares bought on market	(10,212,578)	(8,466)
Balance at 31 January 2018	**1,060,654,321**	**1,287,137**
Shares bought on market	**(1,163,248)**	**(868)**
Balance at 31 July 2018	**1,059,491,073**	**1,286,269**

(b) Movements in treasury share capital

	No. of shares	$'000
Balance at 31 July 2017	(83,979,251)	(72,421)
Shares bought on market	(15,503,471)	(14,490)
Employee shares exercised	1,173,458	830
Reclassification of settled and expired share based transactions	-	(301)
Balance at 31 January 2018	**(98,309,264)**	**(86,382)**
Shares bought on market	**(4,260,414)**	**(3,251)**
Employee shares exercised	**7,723,153**	**6,066**
Reclassification of settled and expired share based transactions	**-**	**(125)**
Balance at 31 July 2018	**(94,846,525)**	**(83,692)**

9. Impact of new accounting standards

The Group has applied AASB 9 and AASB 15 retrospectively at 1 February 2018 with the cumulative effect of initial application being recognised as an adjustment to the opening balance of accumulated losses, with no restatement of comparative figures. The impacts of application are shown below:

	As reported 31 January 2018 $'000	**AASB 9 impact refer note (a) $'000**	**AASB 15 impact refer note (b) $'000**	**Opening balance 1 February 2018 $'000**
Trade and other receivables – current	577,870	(5,718)	585	**572,737**
Trade and other receivables – non-current	868	-	1,019	**1,887**
Net deferred tax assets	17,775	1,715	-	**19,490**
Total assets impact		**(4,003)**	**1,604**	
Trade and other payables – current	568,804	-	917	**569,721**
Total liabilities impact		-	**917**	
Accumulated losses	(701,919)	(4,003)	687	**(705,235)**
Total equity impact		**(4,003)**	**687**	

(a) AASB 9 Financial instruments

This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

<u>Trade receivables – expected credit losses</u>

The implementation of AASB 9 has resulted in a change to the methodology by which the Group has assessed the provision for doubtful debtors from the incurred loss model to the expected credit loss model. The Group has adopted the simplified approach to measuring expected credit losses, which uses lifetime expected loss allowance for all trade receivables.

The expected credit loss model requires the Group to determine the lifetime expected credit losses for groups of trade receivables with shared credit risk characteristics. An expected credit loss rate is then determined for each group, based on the historic credit loss rates for each group, adjusted for any other current observable data that may materially impact the group's future credit risk. Other current observable data may include:

- Forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- Financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- Conditions specific to the asset to which the receivable relates.

The requirements of AASB 9 were adopted on 1 February 2018 and applied to the Group's trade receivables at that time. Total trade receivables were disaggregated into groups deemed to share credit risk characteristics. Groupings were based on customer, trading terms and ageing.

The initial impact of adopting this change at 1 February 2018 was as follows:

- A provision for expected credit losses of $5.7 million was recognised
- Net deferred tax assets increased by $1.7 million
- Accumulated losses increased by $4.0 million

The provision for expected credit losses at 31 July 2018 have been determined in a manner consistent with the methodology adopted on 1 February 2018.

	Not due $'000	**0-30 days $'000**	**31-60 days $'000**	**60+ days $'000**	**Total $'000**
Trade receivables - total	539,043	13,052	2,499	15,010	569,604
Provision for expected credit losses - total	**7,149**	**1,124**	**567**	**8,275**	**17,115**

<u>Other financial assets</u>

At 31 January 2018, the Group held listed shares that are traded in an active market. Under AASB 139, the investment was classified as available-for-sale. In accordance with AASB 9, the investment has been re-classified as being measured at fair value through other comprehensive income. Changes in the fair value of investments in equity securities are accumulated within the fair value reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised. No re-classification to profit or loss occurs.

The application of this policy did not result in material changes to the amounts previously reported.

(b) AASB 15 Revenue from contracts with customers

The requirements of AASB 15 replace AASB 118 *Revenue* and AASB 111 *Construction Contracts*. AASB 15 establishes a single comprehensive five-step model for entities to use in accounting for all revenue streams arising from contracts with customers with two separate approaches for recognising revenue: at a point in time or over time.

9. Impact of new accounting standards (continued)

For each revenue stream, the Group has assessed the timing of revenue recognition. The only difference was the change in recognition of upfront membership fees over time under AASB 15 rather than in full upon signing of the agreement under AASB 118. This change has not resulted in a material impact to net profit for the period. A summary of the timing of revenue recognition and amount of revenue earned by stream is summarised below:

Sales Revenue

Revenue stream	Description	Performance obligation	Timing of recognition
Sale of goods	Sales of goods to customers, which include an agreed period over which the inventory can be returned. Consideration recognised is net of settlement credits and a provision for returns.	Delivery of good to customer	Point in time
CSO income	Income earned from the Government to fulfil minimum delivery requirements for specified medicines to pharmacies in accordance with the Community Pharmacy Agreement ('CPA').	Compliance with obligations of the CPA	Over time

Other Revenue

Revenue stream	Description	Performance obligation	Timing of recognition
Membership revenue	Fees received to provide access to use of the intellectual property associated with the Group's banners.	Over the term of the licence agreement	Over time
Marketing services and promotional revenue	Income received from suppliers for promotional and advertising services rendered.	Completion of services to be rendered	Point in time
Commissions and fees	Fees billed for services performed by the Group, including deliveries of dangerous goods and administration of discounts on products sold.	Completion of services to be provided	Point in time
Packaging services	Income received for the provision of dose administration services.	Provision of dose administration service to customer	Point in time
Rebates from suppliers	Income earned if targets as agreed with the supplier are met.	Recognised when targets to earn rebate are achieved	Point in time
Sundry revenue	Revenue from other services provided, including provision of data and other licencing fees.	Completion of the service requirements	Over time

Contract costs

The Group provides upfront incentives to franchisees upon signing of the agreement, which it previously recognised in full upon signing of the agreement. The Group has assessed that these represent incremental costs of obtaining a contract and are to be deferred and amortised over the life of the franchise agreement. The initial impact of adopting this change at 1 February 2018 was as follows:

- Trade and other receivables increased by $1.6 million
- Trade and other payables increased by $0.9 million
- Accumulated losses increased by $0.7 million

10. Contingent liability

Other claims
The Group is exposed to various claims and litigations in the normal course of business. The Group assesses each claim to determine any potential liability to the Group on a case by case basis.

11. Events subsequent to balance date

Dividends
Since the end of the half year, the Board of Directors have resolved to pay an interim dividend of 1.5 cents per share fully franked, to be paid to shareholders on 29 October 2018. The ex-dividend date is 12 October 2018 and the record date is 15 October 2018. The total amount payable is $15.9 million.

Other than the matter discussed above, there has not been any other matter or circumstance that has arisen since 31 July 2018 that has significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years not otherwise disclosed.

Directors' declaration

For the half year ended 31 July 2018

In the opinion of the Directors of Sigma Healthcare Limited:

a) the financial statements and notes set out on pages 8 to 19 are in accordance with the *Corporations Act 2001* including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 July 2018 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date, and

b) there are reasonable grounds to believe that Sigma Healthcare Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors, pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

Brian Jamieson
Chairman

Mark Hooper
Managing Director

Melbourne
5 September 2018

Deloitte.

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Independent Auditor's Review Report
to the members of Sigma Healthcare Limited

We have reviewed the accompanying half-year financial report of Sigma Healthcare Limited, which comprises the condensed consolidated balance sheet as at 31 July 2018, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 20.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 July 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Sigma Healthcare Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sigma Healthcare Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sigma Healthcare Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 July 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Reid
Partner
Chartered Accountants
Melbourne, 5 September 2018