



Sigma Pharmaceuticals Limited

ABN 15 088 417 403

Interim report

For the half year ended 31 July 2013

Lodged with the Australian Stock Exchange under Listing Rule 4.2

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Sigma will host a presentation to analysts and media on Thursday 12 September 2013 at 10.00 am with all presentation material posted to Sigma's website (www.sigmaco.com.au)

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Sigma Pharmaceuticals Limited

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Results for announcement to the market

For the half year ended 31 July 2013
 compared to prior half year period ended 31 July 2012

Group Results				\$'000
Sales revenue	up	3.1%	to	1,463,813
Total revenue and income	up	3.0%	to	1,482,139
Earnings before interest and tax (EBIT)	down	29.1%	to	24,876
Net profit after tax attributable to members	down	37.6%	to	16,283

Group Ratios				
Earnings per share				
Basic EPS	down	35.4%	to	1.5c
EBIT/Sales margin	down	31.2%	to	1.7%

Dividends	Amount per security	Franked amount per security at 30% tax rate
Interim dividend	2.0c	100%
Interim dividend - previous corresponding period	2.0c	100%
The record date for determining entitlements to the interim dividend	23 September 2013	

Please refer to attached commentary and analysis for explanation of figures shown in this report.

Sigma Pharmaceuticals Limited

ABN 15 088 417 403

Commentary and analysis

The table below provides a summary of the Group's reported financial performance for the half year ended 31 July 2013

Group Financial Results – Half Year Summary

Group Results	31 July 2013 \$000	31 July 2012 \$000	Change %
Sales revenue	1,463,813	1,419,831	Up 3.1%
EBITDA	28,098	37,857	Down 25.8%
Depreciation and amortisation	3,222	2,762	Up 16.7%
Earnings before interest and tax (EBIT)	24,876	35,095	Down 29.1%
Net profit after tax (NPAT)	16,283	26,107	Down 37.6%
EBIT/Sales (EBIT margin)	1.70%	2.47%	Down 31.2%
Basic EPS	1.5c	2.3c	Down 35.4%
Net tangible asset backing per ordinary share	48.9c	55.2c	Down 11.4%

Sales revenue being an increase of 3.1% was achieved in a period when further PBS price reforms have been implemented by the Government. The growth of the PBS in the first half of the year is estimated to be 2% approximately. Allowing for the impact of the further PBS price reforms implemented since the prior comparable period, the sales revenue increase would have been 6%. This above trend growth continues to represent market share gains achieved by major customer groups.

Gross Profit increased in line with sales over the corresponding period to \$106,367,000 compared to \$103,405,000. The Gross Profit as a percentage of sales was consistent with the prior year, reflecting the adjustments made to customer discounts to offset the impact of PBS reform.

Earnings Before Interest and Tax (EBIT) of \$24,876,000 decreased compared to the prior corresponding period primarily due to the settlement of the Vifor litigation and a provision for doubtful debt for the Harrisons group, announced to the market on 26 July 2013. Administration costs were broadly in line with the prior year; however Warehouse & Delivery and Sales & Marketing expenses increased on the prior year.

The Warehouse & Delivery expenses increase primarily represents increased labour cost from wage increases and higher unit activity, partially offset by savings over the prior year from the Victorian industrial dispute. The increase in Sales & Marketing expenses partially arise from the additional resources added in the last twelve months to support new merchandising and multi-channel initiatives and tactical advertising to support our banner members. Future benefits are still expected to accrue from these initiatives. The provision for doubtful debts for the Harrisons group of \$4,061,000 has also been expensed to this cost line. This is based on the current estimated recovery from Sigma's claim for inventory on hand but unpaid at the time receiver's were appointed. The matter is still pending with the Receiver and is anticipated to be resolved in the second half of the year.

The Group moved from a net interest income of \$1,274,000 in the prior corresponding period to a net interest expense of \$1,159,000 this half year. This reflects the impact of the lower net cash position at the end of the half year of \$26,945,000, compared to a net cash position at 31 July 2012 of \$125,765,000, and an opening net cash position at 31 January 2013 of \$82,692,000. The declining net cash in the first half of the year represents the impact of the ongoing share buyback, dividends paid and an increase in net working capital due to a decrease in Trade and other payables of \$25,800,000.

Shareholder information

Shareholder's Calendar

Results announced	12 September 2013
Ex-dividend date	17 September 2013
Record date	23 September 2013
Dividend payment date	23 October 2013

2013/14 Half Year Results

Stakeholder Queries

Share Registry Enquires:

Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235
Australia

Telephone (within Australia): 1300 139 653

E-mail: registrars@linkmarketservices.com.au

Website: www.linkmarketservices.com.au

Company Enquiries:

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Australia

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The Half Year Report and other company information can be found on Sigma's website at www.sigmaco.com.au

SIGMA PHARMACEUTICALS LIMITED

ABN 15 088 417 403

Registered Office:

3 Myer Place, Rowville VIC 3178



Sigma Pharmaceuticals Limited

ABN 15 088 417 403

Interim report

For the half year ended 31 July 2013

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This interim 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 2013 and any public announcements made by Sigma Pharmaceuticals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

The Directors present their report on Sigma Pharmaceuticals Limited (the Company) and its controlled entities (the Group) for the half year ended 31 July 2013.

Directors

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

Mr B Jamieson
Mr M Hooper
Mr D Bayes
Mr R Gunston
Mr D Manuel
Ms L Nicholls, AO

Review of operations

The Group's sales revenue for the half year was \$1,463,813,000 compared with \$1,419,831,000 for the prior corresponding period. This is an increase of 3.1%.

The Group's earnings before interest and tax for the half year were \$24,876,000 compared with \$35,095,000 for the corresponding period in 2012.

The Group's profit after tax attributable to members of the Company for the half year was \$16,283,000 compared with \$26,107,000 for the corresponding period in 2012.

Sales revenue being an increase of 3.1% was achieved in a period when further PBS price reforms have been implemented by the Government. The growth of the PBS in the first half of the year is estimated to be 2% approximately. Allowing for the impact of the further PBS price reforms implemented since the prior comparable period, the sales revenue increase would have been 6%. This above trend growth continues to represent market share gains achieved by major customer groups.

Gross Profit increased in line with sales over the corresponding period to \$106,367,000 compared to \$103,405,000. The Gross Profit as a percentage of sales was consistent with the prior year, reflecting the adjustments made to customer discounts to offset the impact of PBS reform.

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The Group moved from a net interest income of \$1,274,000 in the prior corresponding period to a net interest expense of \$1,159,000 this half year. This reflects the impact of the lower net cash position at the end of the half year of \$26,945,000, compared to a net cash position at 31 July 2012 of \$125,765,000, and an opening net cash position at 31 January 2013 of \$82,692,000. The declining net cash in the first half of the year represents the impact of the ongoing share buyback, dividends paid and an increase in net working capital due to a decrease in Trade and other payables of \$25,800,000.

Directors' Report

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

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 8.

Rounding of amounts

The Company is of the kind referred to in the Australian Securities and Investments Commission Class Order No. 98/100 dated 10 July 1998 relating to the "rounding off" of amounts in the financial report. In accordance with this Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Events subsequent to balance date

Subsequent to 31 July 2013 the following events and transactions have occurred:

Dividends

Since the end of the half year, the Board of Directors has resolved to pay a fully franked interim dividend of 2.0 cents per share to be paid on 23 October 2013 to shareholders on the register at the ex dividend date of 17 September 2013. The total amount payable for these dividends \$22,532,000.

No other matters or circumstances have arisen since 31 July 2013 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 11 September 2013.



Brian Jamieson
Chairman



Mark Hooper
Managing Director

Melbourne,
11 September 2013

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

11 September 2013

Dear Board Members

Sigma Pharmaceuticals 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 Pharmaceuticals Limited.

As lead audit partner for the review of the financial statements of Sigma Pharmaceuticals Limited for the half-year ended 31 July 2013, 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



Tom Imbesi
Partner
Chartered Accountants

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Consolidated statement of profit or loss and other comprehensive income

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

	Note	31 July 2013 \$000	31 July 2012 \$000
Sales revenue		1,463,813	1,419,831
Cost of goods sold		(1,357,446)	(1,316,426)
Gross profit		106,367	103,405
Other revenue and income		18,326	18,792
Warehousing and delivery expenses		(49,833)	(48,247)
Sales and marketing expenses		(24,111)	(17,351)
Administration expenses		(18,974)	(18,742)
Litigation settlement expense	9.	(3,677)	-
Depreciation and amortisation		(3,222)	(2,762)
Profit before financing costs		24,876	35,095
Financial income		824	2,297
Financial expenses		(1,983)	(1,023)
Net financing costs		(1,159)	1,274
Profit before income tax	3.	23,717	36,369
Income tax expense		(7,434)	(10,262)
Net profit for the half year attributable to members		16,283	26,107
Other comprehensive income			
<i>Items that may be reclassified subsequently to Profit or Loss</i>			
Changes in the fair value of cash flow hedges		(466)	(466)
Exchange differences on translation of foreign operations		352	(21)
Income tax relating to components of other comprehensive income		34	146
Other comprehensive loss for the half year, net of tax		(80)	(341)
Total comprehensive income for the half year		16,203	25,766
Earnings per share (EPS)		Cents	Cents
Basic EPS		1.5	2.3
Diluted EPS		1.4	2.2

Notes appearing on pages 13 to 21 are to be read as part of these consolidated interim financial statements.

Consolidated statement of financial position

Sigma Pharmaceuticals Limited

As at 31 July 2013

	Note	31 July 2013 \$000	31 January 2013 \$000
Current assets			
Cash and cash equivalents		151,945	112,692
Trade and other receivables		563,584	566,219
Income tax receivable		21,075	13,746
Inventories		249,990	255,010
Other financial assets		82	-
Prepayments		1,963	3,721
Total current assets		988,639	951,388
Non-current assets			
Trade and other receivables		5,398	9,903
Property, plant and equipment	5.	67,001	73,556
Intangible assets	6.	22,300	14,237
Net deferred tax assets		5,333	7,087
Total non-current assets		100,032	104,783
Total assets		1,088,671	1,056,171
Current liabilities			
Trade and other payables		377,780	403,580
Borrowings	7.	125,000	30,000
Provisions		10,605	10,177
Deferred income		240	141
Total current liabilities		513,625	443,898
Non-current liabilities			
Provisions		1,845	1,245
Deferred income		223	222
Total non-current liabilities		2,068	1,467
Total liabilities		515,693	445,365
Net assets		572,978	610,806
Equity			
Contributed equity	8.	1,304,414	1,337,226
Reserves		16,418	14,511
Accumulated losses		(747,854)	(740,931)
Total equity		572,978	610,806

Notes appearing on pages 13 to 21 are to be read as part of these consolidated interim financial statements

Consolidated statement of cash flows

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

	Note	31 July 2013 \$000	31 July 2012 \$000
Cash flows from operating activities			
Receipts from customers		1,630,924	1,586,037
Payments to suppliers and employees		(1,608,515)	(1,517,270)
Payment for Litigation settlement	9.	(3,677)	-
Interest received		824	2,297
Interest paid		(1,919)	(1,078)
Income taxes paid		(12,870)	(16,349)
Net cash inflow from operating activities		4,767	53,637
Cash flows from investing activities			
Payments for property, plant and equipment and software		(4,539)	(2,812)
Proceeds from sale of property, plant and equipment		-	16
Net cash outflow from investing activities		(4,539)	(2,796)
Cash flows from financing activities			
Net proceeds/(repayment) of borrowings		95,000	(15,000)
Payments for shares bought back		(27,744)	-
Purchase of shares for employees		(6,612)	-
Proceeds from employee shares exercised	8b.	196	44
Receipts from other loans receivable		662	1,938
Dividends paid	4.	(22,479)	(40,661)
Net cash inflow/(outflow) from financing activities		39,023	(53,679)
Net increase/(decrease) in cash and cash equivalents		39,251	(2,838)
Cash and cash equivalents held at the beginning of the half year		112,692	148,601
Exchange rate adjustments to cash and cash equivalents held at the beginning of the half year		2	2
Cash and cash equivalents at the end of the half year		151,945	145,765

Notes appearing on pages 13 to 21 are to be read as part of these consolidated interim financial statements

Consolidated statement of changes in equity

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

	Note	Contributed equity			Accumulated losses	Total equity
		Issued capital	Issued capital held by Equity Compensation Plan	Reserves		
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 February 2012		1,382,504	(17,246)	16,035	(698,766)	682,527
Profit for the half year		-	-	-	26,107	26,107
Other comprehensive loss		-	-	(341)	-	(341)
Total comprehensive income for the half year		-	-	(341)	26,107	25,766
Transactions with owners in their capacity as owners:						
<i>Movements in:</i>						
- Employee shares exercised	8b.	-	44	-	-	44
- Share-based remuneration plan		-	-	1,361	-	1,361
- Movement in contributed equity	8a.	1,901	(1,901)	-	-	-
Dividends appropriated	4.	-	-	682	(41,343)	(40,661)
Dividends applied to equity compensation plan		-	-	(16)	-	(16)
		1,901	(1,857)	2,027	(41,343)	(39,272)
Balance at 31 July 2012		1,384,405	(19,103)	17,721	(714,002)	669,021
Balance at 1 February 2013		1,368,474	(31,248)	14,511	(740,931)	610,806
Profit for the half year		-	-	-	16,283	16,283
Other comprehensive loss		-	-	(80)	-	(80)
Total comprehensive income for the half year		-	-	(80)	16,283	16,203
Transactions with owners in their capacity as owners:						
<i>Movements in:</i>						
- Employee shares exercised	8b.	-	196	-	-	196
- Share-based remuneration plan		-	-	1,323	-	1,323
- Movement in contributed equity	8a.	(236)	236	-	-	-
Shares buy back	8.	(27,311)	(5,697)	-	-	(33,008)
Dividends appropriated	4.	-	-	727	(23,206)	(22,479)
Dividends applied to equity compensation plan		-	-	(63)	-	(63)
		(27,547)	(5,265)	1,987	(23,206)	(54,031)
Balance at 31 July 2013		1,340,927	(36,513)	16,418	(747,854)	572,978

Notes appearing on pages 13 to 21 are to be read as part of these consolidated interim financial statements.

Condensed notes to the consolidated financial statements

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

1. Basis of financial report preparation and accounting policies

(a) Significant accounting policies

This condensed consolidated interim financial report for the half year reporting period ended 31 July 2013 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 'Interim Financial Reporting'.

The interim financial report does not include all the notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the Company's annual report for the year ended 31 January 2013, together with any public announcements made by Sigma Pharmaceuticals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements have been prepared in Australian dollars under the historical cost convention. Comparative information has been reclassified where appropriate to enhance comparability.

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period, except for the standards and interpretations described below.

(b) Estimates

The preparation of this condensed consolidated interim financial report in conformity with AASB 134: Interim Financial Reporting requires management to make 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.

In preparing this condensed consolidated interim financial report the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those applied in the consolidated financial report as at and for the year ended 31 January 2013.

(c) New standards and interpretations

The following standards, amendments to standards and interpretations have been adopted in preparing this half year financial report:

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Condensed notes to the consolidated financial statements

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

Basis of financial report preparation and accounting policies (continued)

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept.

The amendments do not have any significant impact on the Group's disclosures.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to determine fair value and requires disclosures about fair value measurements. It does not change the requirements regarding which items should be measured or disclosed at fair value.

The Group is not significantly impacted by the new guidance with the only item on the balance sheet requiring valuation at the half year 31 July 2013 being the mark to market valuation of forward rate contracts. Based on the reporting and disclosure requirements for the half year review, there is no impact on this financial report.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)

AASB 2011-9 makes amendments to a range of Australian Accounting Standards as a result of the issuance of the IASB Standard Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) in June 2011. The amendments:

- Requires entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments)
- Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).

Other than the above mentioned presentation changes under amendments to AASB 101 'Presentation of Financial Statements', the application does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

Key amendments relate to changes in accounting and disclosure of defined benefit plans, modifying the accounting for termination benefits and changes to the classification of employee benefits. The amendments define short term employee benefits as employee benefits that are "expected to be settled wholly before twelve months after the end of annual reporting period" in place of currently used "due to be settled".

The group has revised the classification of the employee benefits in accordance with changes in the accounting standard. The changes does not have a significant impact on the half year financial report.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)

Amends a number of pronouncements as a result of the 2009–2011 annual improvements cycle.

Key amendments include:

- AASB 1 – repeated application of AASB 1
- AASB 101 – clarification of the requirements for comparative information
- AASB 116 – classification of servicing equipment
- AASB 132 – tax effect of the distribution to holder of equity instruments
- AASB 134 – interim reports and segment information for total assets and liabilities

These amendments have had no impact on the half year financial report.

Condensed notes to the consolidated financial statements

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

2. Segment information

Information on segments

AASB 8 Operating Segments requires a management approach under which segment information is presented on the same basis as that used for internal reporting provided to the Chief Operating Decision Makers (CODM) of the Group. The CODM have been identified as the executive team consisting of our Chief Executive Officer (CEO), Chief Operating Officer (COO) and the Chief Financial Officer (CFO).

For the period ended 31 July 2013 management determined that based on the structure of reports provided to the CODM and used by them for decision making and resource allocation, that the Group operates only the Healthcare segment.

The Healthcare segment represents the traditional full line pharmacy wholesale business, retail and private label product ranges.

Geographical segments

The Group operates predominantly within Australia.

Information on major customers

One customer contributes revenue which forms greater than 30% of the Group revenues. The customer has a long standing relationship with Sigma and a service contract is in place until October 2015. Sales revenue for the half year ended 31 July 2013 was \$473m (2012: \$406m).

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Condensed notes to the consolidated financial statements

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

	31 July 2013 \$000	31 July 2012 \$000
3. Profit for the half year		
Profit before income tax expense has been determined after including:		
Write down of inventories	1,988	919
Provision for doubtful debts	3,952	268
Reversal of impairment on Gateway loan book	-	(346)
4. Dividends		
Dividends paid during the half year		
Dividends recognised by the parent entity	23,213	41,343
Less: dividends paid on shares held by Sigma Employee share plan	(7)	-
	23,206	41,343
Less: dividends paid on shares issued under the Employee share plan	(727)	(682)
Dividends paid by the group	22,479	40,661

Subsequent events

Since the end of the half year a fully franked interim dividend of 2.0 cents per share have been declared by the Directors (See Note 11)

Condensed notes to the consolidated financial statements

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

5. Property plant and equipment

	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 31 January 2013			
Cost	43,064	69,434	112,498
Accumulated depreciation	(9,748)	(29,194)	(38,942)
Net book amount	33,316	40,240	73,556
Half year ended 31 July 2013			
Opening net book amount	33,316	40,240	73,556
Additions	-	4,539	4,539
Transfer of completed projects	284	(284)	-
Transfer of Intangible software	-	(8,242)	(8,242)
Disposals	-	(9)	(9)
Depreciation	(380)	(2,463)	(2,843)
Closing net book amount	33,220	33,781	67,001
At 31 July 2013			
Cost	43,348	65,349	108,697
Accumulated depreciation	(10,128)	(31,568)	(41,696)
Net book amount	33,220	33,781	67,001

Condensed notes to the consolidated financial statements

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

6. Intangible assets

	Brand names	Software	Total
	\$'000	\$'000	\$'000
At 31 January 2013			
Cost	23,478	-	23,478
Accumulated amortisation	(9,241)	-	(9,241)
Net book amount	14,237	-	14,237
Half year ended 31 July 2013			
Opening net book amount	14,237	-	14,237
Transfer from Property, plant and equipment		8,242	8,242
Foreign currency movements	200	-	200
Amortisation	(221)	(158)	(379)
Closing net book amount	14,216	8,084	22,300
At 31 July 2013			
Cost	24,045	8,242	32,287
Accumulated amortisation	(9,829)	(158)	(9,987)
Net book amount	14,216	8,084	22,300

7. Borrowings

	31 July 2013 \$000	31 Jan 2013 \$000
Current		
Secured loans	125,000	30,000
Total current borrowings	125,000	30,000

Condensed notes to the consolidated financial statements

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

Waratah Facility

The Company by executing the "Waratah Receivables Purchase Agreement dated 28 January 1999" and amended as part of the "Sigma Amendment Agreement No. 6" dated 24 March 2011, has a debtor securitisation facility with Westpac Banking Corporation, expiring on 5 February 2014. The original facility of \$200 million was reduced to \$125 million on 9 August 2012 after agreement was sought and obtained from Westpac Banking Corporation.

The facility is subject to interest cover and gearing covenants and provides the Company with additional funding flexibility to meet its working capital requirements. Using a pool of its eligible receivables as security, Sigma can draw down funds provided through a series of "back to back" assets and loans to the ultimate lender by selling commercial paper instruments.

In the event of debt capital market disruption a termination of the facility is not triggered. To fund a repayment of maturing commercial paper, Sigma may access the agent's liquidity facility, or in the event the performing receivables were insufficient to access this facility, it could access a line of credit from the agent. Either scenario requires Sigma to repay the agent (not Waratah) from the following potential sources depending on how long the commercial paper market remains disrupted:

- a) a refinance of existing facilities,
- b) sale proceeds from a new issue of commercial paper once the commercial paper markets reopen trading and/or
- c) collection of the underlying receivables.

The facility imposes rights and obligations on Sigma with respect to the quality and maintenance of its debtor book, collection of receivables, settlement and reporting to the third party. As at the half year ended 31 July 2013, Sigma has complied with its obligations under the facility.

The interest rate applicable to the facility is variable and Sigma does not hedge the interest rate.

The debt has been classified as current as the underlying financial instruments supporting the back to back assets and loans have a maturity profile that varies between 30 and 90 days.

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Condensed notes to the consolidated financial statements

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

8. Contributed equity

	2013 Shares	2012 Shares	2013 \$'000	2012 \$'000
(a) Movement in ordinary share capital during the half year				
Shares forfeited under the Employee Share Plan	(626,000)	(3,254,181)	(712)	(4,279)
Shares issued under the Employee Share Plan	626,000	1,339,043	476	797
Shares issued under the Long term incentive share plan	-	9,592,086	-	5,383
Share buyback	<u>(36,051,195)</u>	<u>-</u>	<u>(27,311)</u>	<u>-</u>
	<u>(36,051,195)</u>	<u>7,676,948</u>	<u>(27,547)</u>	<u>1,901</u>

	2013 Shares	2012 Shares	2013 \$'000	2012 \$'000
(b) Movement in treasury share capital during the half year				
Shares forfeited under the Employee Share Plan	626,000	3,254,181	712	4,279
Shares issued under the Employee Share Plan	(626,000)	(1,339,043)	(476)	(797)
Shares issued under the Long term incentive share plan	-	(9,592,086)	-	(5,383)
Shares issued under the Short term incentive share plan	611,210	-	-	-
Acquisition of shares by trust	(7,292,039)	-	(5,697)	-
Shares exercised under the Employee Share Plan	<u>266,285</u>	<u>68,207</u>	<u>196</u>	<u>44</u>
	<u>(6,414,544)</u>	<u>(7,608,741)</u>	<u>(5,265)</u>	<u>(1,857)</u>

(c) Total movement in contributed equity			<u>(32,812)</u>	<u>44</u>
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9. Litigation Settlement expense

Sigma Pharmaceuticals Limited reached an agreement with Vifor (International) Limited in May 2013. The matter related to Sigma's injectable iron product, Ferrosig. The reported expense consists of agreed settlement amount plus legal costs. Sigma has retained the rights to sell the Ferrosig product in the Australia market.

10. Contingent Liability

A contingent liability exists in respect of the insurer's right, in certain circumstances to clawback insurance proceeds received in relation to the shareholder class action brought by Slater & Gordon on behalf of certain shareholders who purchased shares in Sigma between 7 September 2009 and 25 February 2010.

Condensed notes to the consolidated financial statements

Sigma Pharmaceuticals Limited

For the half year ended 31 July 2013

11. Events subsequent to balance date

Subsequent to 31 July 2013 the following events and transactions have occurred:

Dividends

Since the end of the half year, the Board of Directors has resolved to pay a fully franked interim dividend of 2.0 cents per share to be paid on 23 October 2013 to shareholders on the register at the ex dividend date of 17 September 2013. The total amount payable for these dividends \$22,532,000.

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Directors Declaration

Sigma Pharmaceuticals Limited

In the opinion of the Directors of Sigma Pharmaceuticals Limited:

- a) the financial statements and notes set out on pages 9 to 21 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 2013 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 Pharmaceuticals 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
11 September 2013

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

We have reviewed the accompanying half-year financial report of Sigma Pharmaceuticals Limited, which comprises the consolidated statement of financial position as at 31 July 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the 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 9 to 22.

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 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 2013 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 Pharmaceuticals 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.

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 Pharmaceuticals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

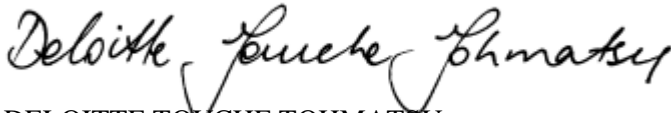
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Conclusion

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 Pharmaceuticals 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 2013 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.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Tom Imbesi
Partner

Chartered Accountants
Melbourne, 11 September 2013

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