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## Notice of Annual General Meeting Wednesday 7 May 2014

**NOTICE IS GIVEN** that the Annual General Meeting of Sigma Pharmaceuticals Limited (**Company**) will be held at the ANZ Pavilion, Victorian Arts Centre, 100 St Kilda Road, Melbourne, Victoria on Wednesday 7 May 2014 at 11.00am.

### Items of Business

**1 Chairman's Address and Presentation by the Managing Director and Chief Executive Officer**

**2 Financial Statements and Reports**

To consider the Company's Financial Report and Directors' and Auditor's Reports for the year ended 31 January 2014.

**3 Remuneration Report**

To adopt the Remuneration Report for the year ended 31 January 2014.

The vote on this resolution is advisory and does not bind the Company or its Directors.

**4 Re-election of Directors**

4.1 To re-elect as a Director Mr Ray Gunston, who retires by rotation in accordance with Rule 3.6 of the Company's Constitution and, being eligible, offers himself for re-election.

4.2 To re-elect as a Director Mr Brian Jamieson, who retires by rotation in accordance with Rule 3.6 of the Company's Constitution and, being eligible, offers himself for re-election.

**5 Remuneration arrangements for the Managing Director and Chief Executive Officer**

5.1 To consider and, if thought fit, pass the following resolution:

'That approval be given for the issue to the Managing Director and Chief Executive Officer of the Company, Mr Mark Hooper, of performance rights under the Company's Executive Short Term Incentive Plan (**STIP**), on the terms set out in the Explanatory Notes accompanying the Notice of this Meeting and for the issue of Shares upon the exercise of those rights.'

5.2 To consider and, if thought fit, pass the following resolution:

'That for the purposes of sections 200B and 200E of the Corporations Act, approval is given for the Company to provide the benefits to Mr Mark Hooper (details of which are set out in the Explanatory Notes accompanying the Notice of this Meeting) arising from his participation in the

STIP and the benefits arising from contractual arrangements with the Company in connection with any future termination of his employment or office.'

### Special Business

**6 Renewal of Proportional Takeover Provisions**

To consider and, if thought fit, pass the following resolution as a special resolution:

'That, for the purposes of sections 648G and 136(2) of the Corporations Act and for all other purposes, the Company modify its Constitution by renewing the proportional takeover approval rules set out in rules 29.8 to 29.13, on and with effect from the date of the Meeting'.

### Information for Shareholders:

#### Shareholders of the Company

For the purpose of voting at the Meeting, the Board has determined that persons holding Shares in the Company which are listed for quotation on the Australian Securities Exchange at 7.00pm in Melbourne on Monday 5 May 2014 will be treated as Shareholders of the Company.

#### Appointment of proxies

Proxies may be appointed for the Annual General Meeting. Please note that:

- a Shareholder entitled to attend and vote at the Meeting is entitled to appoint no more than two proxies to attend and vote on behalf of the Shareholder. Where two proxies are appointed, each proxy must be appointed to represent a specified number of votes or proportion of the Shareholder's voting rights. If no number or proportion is specified, each proxy may exercise half of the votes;
- a proxy need not be a Shareholder of the Company and may be an individual or a body corporate;
- a Shareholder that is a body corporate or a body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the

powers the body corporate may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of their appointment, including any authority under which the appointment is signed, unless it has previously been provided to the Company;

- if a Shareholder appoints a KMP (as defined in the explanatory notes) as proxy, the KMP will not be able to cast the Shareholder's votes on Item 3 or Item 5 unless the Shareholder directs the KMP how to vote or the Chairman of the Meeting is appointed as proxy. If a Shareholder appoints the Chairman as their proxy (or the Chairman is appointed proxy by default) and the Shareholder does not direct the Chairman how to vote, then by signing a returning the proxy form the Shareholder will be expressly authorising the Chairman to exercise the proxy in the relevant Item even though the Item is connected with the remuneration of the KMP; and
- if a Shareholder appoints the Chairman of the meeting as proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote (if permitted under the proxy form and subject to any applicable voting restrictions), as proxy in favour of the resolution.

#### **Joint holders**

In the case of joint holders of shares any one of the joint holders may vote at any meeting, but if more than one of such joint holders submits a vote, the vote of the first named of the joint holders in the Register of Members, whether submitted in person or by proxy or by attorney or in any other approved means, will be accepted to the exclusion of the votes of the other joint holder(s).

#### **Lodgement of proxy forms**

A proxy form accompanies this Notice of Meeting. To be effective, the completed proxy form and the power of authority (if any) under which the proxy form is signed or a certified copy of the relevant authority must be received by the Company at least 48 hours before the start of the Meeting (that is, by 11.00am (Melbourne time) on Monday, 5 May 2014).

Proxies (and, if applicable, authorities) may be returned:

#### **By mail:**

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

#### **By hand:**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney 2000

#### **By facsimile:**

+61 2 9287 0309

#### **Online:**

at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online voting facility, Securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

If you have any difficulties lodging your vote online, or if you require an additional proxy form, please contact Link Market Services on 1300 139 653 or +61 1300 139 653.

## Explanatory Notes on Resolutions

### Item 2 – Financial Statements and Reports

The Corporations Act 2001 (Cth) (**Corporations Act**) requires the Directors to lay before the Meeting the Financial Report, Directors' Report and the Auditor's Report for the financial period ended 31 January 2014.

Shareholders have been provided with relevant information concerning the Company's financial statements in the Annual Report of the Company for the year ended 31 January 2014. The Annual Report is available on the Company's website and has been forwarded to Shareholders who have elected to receive a hard copy. A copy of the financial statements and the associated reports will also be tabled at the Meeting.

There is no requirement either in the Corporations Act or the Company's Constitution for Shareholders to vote on the reports. However, Shareholders will be given a reasonable opportunity to ask questions and make comments on these reports at the Meeting.

The Company's auditors will be present at the meeting.

### Item 3 - Remuneration Report

The Corporations Act requires a non-binding resolution to be put to Shareholders for the adoption of the Remuneration Report and a reasonable opportunity for Shareholders to comment on and ask questions about the Remuneration Report.

The Remuneration Report is contained in the Annual Financial Report. Copies of the Annual Financial Report, including the Remuneration Report, are available on the Company's website at [www.sigmaco.com.au](http://www.sigmaco.com.au) or may be obtained from the Office of the Company Secretary by telephoning (03) 9215 9215.

The Remuneration Report includes:

- an explanation of the Company's policy for determining the remuneration of the Key Management Personnel;
- a discussion of the relationship between that policy and the Company's performance;
- prescribed information regarding key management personnel; and
- where any element of the remuneration of a member of the key management personnel depended on the satisfaction of a performance condition, a summary of that performance condition and an explanation of why it was adopted in relation to the relevant personnel.

The vote on the proposed resolution in this item is advisory only and will not bind the Company or its directors. However, if comments are made on the Remuneration Report at the meeting, the Company's remuneration report in respect of the financial year ending 31 January 2015 will include an explanation of the Board's proposed action in response to those comments or, if no action is proposed, the reasons why.

If at least 25% of the votes cast on the resolution are against adoption of the Remuneration Report at two consecutive AGMs, the Company will be required to put to Shareholders a resolution proposing that a general meeting (**Spill Meeting**) be held within 90 days of the second AGM to consider the election of directors of the Company (**Spill Resolution**). If more than 50% of the votes cast on the Spill Resolution are in favour of the Spill Resolution, the Spill Resolution will be passed and all of the directors in office will cease to hold office immediately before the end of the Spill Meeting, unless they are re-elected at the Spill Meeting.

### Voting Restrictions

The Corporations Act prohibits any votes being cast on the proposed resolution in Item 3 by or on behalf of:

- a member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report (**KMP**); or
- a closely related party of a KMP,

whether the votes are cast as a shareholder, proxy or in any other capacity and the Company will disregard any such votes, unless:

- the vote is cast by a proxy appointed in writing that specifies how the proxy is to vote on Item 3, and is not cast on behalf of a KMP or a closely related party of a KMP; or
- the vote is cast as a proxy by the Chairman of the meeting and the proxy appointment expressly authorises the Chairman to exercise an undirected proxy.

A closely related party of a KMP includes a spouse of the KMP or a child or dependant of the KMP or the KMP's spouse, anyone else in the KMP's family who may be expected to influence the KMP or be influenced by the KMP in the KMP's dealings with the entity, or a company the KMP controls.

The Chairman of the meeting intends to vote undirected proxies (subject to the instructions set out in the proxy form and any other applicable restrictions) in favour of Item 3.

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as described above), you may commit an offence by breaching the voting restrictions that apply to you under the Corporations Act.

#### **Item 4 – Re-election of Directors**

Rule 3.6 of the Company's Constitution requires one-third of the current Directors (excluding the Managing Director), or the whole number nearest one-third, to retire by rotation at each Annual General Meeting. Accordingly, Mr Ray Gunston and Mr Brian Jamieson being amongst the longest serving Directors, retire at the end of the Meeting. Being eligible, Mr Ray Gunston and Mr Brian Jamieson offer themselves for re-election.

Each election will be conducted as a separate resolution.

Profiles on each of the Directors are set out below.



#### **Mr Raymond M Gunston**

B.Comm (Hons), DipEd, CPA, FTA, AICD. Non-Executive Director, Member of the Risk

BComm (Hons), DipEd, CPA, AICD, Non-Executive Director, Member of the Risk Management and Audit Committee, and the Remuneration and Nomination Committee. Mr Gunston was appointed a Director of Sigma Pharmaceuticals Limited in July 2010. Mr Gunston is a Non-Executive Director of Hotel Property Investments Limited. He has over 30 years of extensive corporate and financial services experience in the public and private sectors, specialising in finance, treasury, mergers and acquisitions, and accounting. He is a former Chief Financial Officer of Tatts Group Limited, and a former director of many of the Tatts Group's subsidiary and associate companies, and recently completed the role of interim CEO for the Essendon AFL Football Club. Mr Gunston has not held any directorships of listed entities in addition to those set out above during the last 3 years.



#### **Mr Brian Jamieson (Chairman)**

FCA, MAICD, Non Executive Chairman and Director

Mr Jamieson was appointed a Director of Sigma Company Limited in May 2003, a Director of Sigma Pharmaceuticals Limited in December 2005, and Chairman of Sigma Pharmaceuticals Limited in June 2010. He is also Chairman of Mesoblast Limited, a Director of Oz Minerals Limited, Tatts Group Limited, Tigers Realm Coal Limited, and the Bionics Institute. He is a former Managing Partner of Minter Ellison Lawyers Melbourne, former Chief Executive of KPMG Australia and former director of Bank of Western Australia Limited, CareAustralia, and HBOS Australia Limited. Mr Jamieson has over 30 years' experience in providing advice and audit services to a diverse range of public and large private companies. He has not held any directorships of listed entities in addition to those set out above during the last three years.

#### **Directors' Recommendation**

The Directors, other than the Directors the subject of the relevant resolution, recommend that Shareholders vote in favour of the re-election of each Director.

## Item 5 – Remuneration arrangements for the Managing Director and Chief Executive Officer

Item 5 relates to the proposed issue of securities to Mr Hooper, as part of his remuneration by the Company, in the Company's Executive Short Term Incentive Plan (**STIP**).

### 5.1 Executive Short Term Incentive Plan (**STIP**)

ASX Listing Rule 10.14 requires Shareholder approval for Mr Hooper to participate in an employee incentive scheme under which he acquires, or may acquire, equity securities in the Company. The STIP constitutes an 'employee incentive scheme' under the ASX Listing Rules. In addition, issues of securities under this Listing Rule are not taken into account for the purposes of calculating the 15% limit on the number of Shares that the Company may issue in any 12 month period under ASX Listing Rule 7.1 (although they are added to the denominator on which the 15% placement limit prescribed by Listing Rule 7.1 is calculated).

Subject to Shareholder approval, the number of performance rights to be granted to Mr Hooper under the STIP will be determined according to the following formula. This grant of performance rights to Mr Hooper will be made around April 2014 (**STIP Grant Date**).

$$A \div B \times C$$

A = the value of total annual fixed remuneration

B = the average closing price of the Company's Shares over the 5 last trading days of the 2013/14 financial year

C = the Executive Deferred STI component of total remuneration (maximum of 40% of fixed remuneration for this grant).

The extent to which Mr Hooper is awarded an incentive is first contingent upon the achievement of 90% of the Company's budgeted NPAT hurdle. Once the hurdle has been achieved the extent to which Mr Hooper is awarded an incentive is contingent upon his ability to meet or exceed set KPIs for the 2014/15 financial year.

The number of STIP performance rights to be issued to Mr Hooper under the STIP cannot be determined until the end of the 2014/15 financial year and Mr Hooper's performance has been assessed against the relevant KPIs. However the maximum value of performance rights that may be granted to Mr Hooper is \$472,442.80.

### *Performance Conditions/Vesting of STIP Performance Rights*

Provided Mr Hooper remains employed by the Company half of the performance rights will vest 1 year after the conclusion of the STIP performance period and the remaining half will vest 2 years after the conclusion of the STIP performance period

### *Lapse of Performance Rights*

All STIP performance rights in relation to which the relevant Performance Conditions are not satisfied will lapse.

If Mr Hooper ceases to be employed because of retirement, redundancy, death or total and permanent disablement, the Board has the discretion to determine that a number of STIP performance rights may vest (an **Accelerated Event**).

If a capital event occurs prior to completion of a STIP performance period, the STIP performance rights held by Mr Hooper will automatically vest (also an **Accelerated Event**).

All STIP performance rights held by Mr Hooper will lapse, and all Shares held in the STIP for Mr Hooper after satisfaction of the STIP Performance Conditions will be forfeited, if the Board determines that Mr Hooper has acted fraudulently or dishonestly or is in serious breach of duty to the Company or in the Board's reasonable opinion has brought the Company into disrepute.

### *Source of Shares*

At the discretion of the Board, the Shares required for the STIP upon vesting of the performance rights may be provided either by issuing new Shares or by procuring the transfer of existing Shares including Shares acquired on-market.

### *Additional information*

In accordance with the ASX Listing Rules, the following additional information is provided concerning the performance rights awarded to Mr Hooper under the STIP:

- (a) There is no loan scheme in relation to the STIP;
- (b) Non-executive directors are not entitled to participate in the STIP. Accordingly, Mr Hooper is the only director entitled to participate in the STIP;
- (c) Details of any securities issued to Mr Hooper under the STIP will be published in the annual report to Shareholders (and released to ASX) relating to the period in which the securities have been issued, and will state that approval for the issue of securities was obtained under ASX Listing Rule 10.14; and

- (d) Any additional persons referred to in Listing Rule 10.14 who become entitled to participate after Item 5.1 is approved, and who were not named in the Notice of this Meeting, will not participate until approval is obtained under Listing Rule 10.14.

A copy of the rules of the STIP is available for inspection by Shareholders prior to the day of the Annual General Meeting during business hours at the Company's registered office at 3 Myer Place, Rowville, Victoria.

### Directors' Recommendation

The Directors, other than Mr Hooper (who is interested in the outcome of the resolution), recommend that Shareholders vote in favour of the resolution in Item 5.1.

### 5.2 Approval of the Issue of the STIP Performance Rights on an Accelerated Event and Payment of Termination Benefit

#### Why is this resolution being proposed?

Sections 200B and 200E of the Corporations Act prohibit the Company from giving a person who holds or has held in the previous 3 years a managerial or executive office in the Group a benefit in connection with that person's retirement from office, or position of employment in excess of that person's average annual base salary over the relevant period, unless approved by Shareholders or such benefit is exempt from the need for Shareholder approval.

A consequence of these provisions is that the Company may (in general terms) be prohibited from providing the benefit of converting an Executive Officer's STIP performance rights into Shares upon an Accelerated Event (such as redundancy) (the value of that benefit being the **Acceleration Benefit**). This resolution is proposed to seek Shareholder approval to pay or provide Mr Mark Hooper a combined termination benefit (comprising both a payment in accordance with existing employment arrangements and the Acceleration Benefit) with a value potentially in excess of his average annual base salary remuneration).

#### If you approve this resolution, what can the Company do?

Approval by Shareholders of Item 5.2 will give the Company authority to convert any performance rights that Mr Hooper may hold, under the STIP, into Shares upon an Accelerated Event, even if the value of the associated Acceleration Benefit, when combined with his existing termination benefit (described below) exceeds his average annual base salary remuneration.

Approval of the Item 5.2 does not give the Board authority to pay ex-gratia golden handshakes to Mr Hooper or accelerate the vesting of any performance rights (other than as described above in section 5.1).

#### Maximum benefit payable

- (a) Existing benefit

Mr Hooper is eligible for up to a 12 month payment in lieu of notice period as a termination benefit (**Termination Benefit**). More detail on the Termination Benefit is provided below.

- (b) New proposed additional benefit

Performance rights granted to Mr Hooper under the STIP will vest on satisfaction of the Performance Conditions or if any earlier Acceleration Event occurs (as described in section 5.1). The value of the Shares Mr Hooper may receive under the STIP is explained under section 5.1.

#### Termination Benefit

A Termination Benefit is payable where Mr Hooper:

- (a) is entitled to receive a payment from the Company on termination of employment by the Company; or  
(b) is otherwise made redundant.

The amount of a Termination Benefit includes up to 12 months' Fixed Remuneration in lieu of the Company giving notice of termination of office or employment.

#### Legal Requirements – Accelerated Event and Termination Benefit

Subject to a number of exceptions, Shareholder approval must be given for the purposes of sections 200B and 200E of the Corporations Act for the Company to give a person a benefit in connection with that person's retirement from office, or position of employment, in a company or a related body corporate if:

- (a) the office or position is a managerial or executive office; and  
(b) the retiree has, at any time during the last three years before his or her retirement, held a managerial or executive office in the Company or a related body corporate.

The term 'benefit' has a wide operation and extends to:

- (a) early vesting of the performance rights under any of the categories of Accelerated Event as described above; and
- (b) payment of any Termination Benefit (but excludes among other things payments for accrued annual leave and long-service leave).

Item 5.2 has therefore been proposed to deal with Acceleration Benefits in respect of performance rights granted under the STIP and any payment of a Termination Benefit.

The Resolution applies to:

- (a) the performance rights proposed to be granted under the STIP to Mr Hooper and such performance rights vest in accordance with an Accelerated Event; and
- (b) any Termination Benefit payable to Mr Hooper.

The value of any Acceleration Benefit cannot currently be ascertained. The details of the Acceleration Benefits for which approval is sought are as follows:

<b>Description of benefit</b>	<b>Manner in which value to be calculated</b>	<b>Matters, events and circumstances that will, or are likely to, affect the calculation of value</b>
Vesting of performance rights if Mr Hooper ceases employment, or is no longer in office, with the Company, prior to the satisfaction of a performance condition, under a Plan, due to an Accelerated Event.	The Company will calculate the value of this benefit as being equal to the value of the number of performance rights that vest, where that value is determined as being equal to the closing market price of a Share on ASX on the ASX trading day before the date of the calculation.	<ul style="list-style-type: none"> <li>(a) The number of performance rights held by Mr Hooper prior to the date of cessation of employment or loss of office with the Company;</li> <li>(b) the amount of time under a Plan that has elapsed by that date; and</li> <li>(c) the closing market price of a Share on ASX on the ASX trading date before the date of calculation.</li> </ul>

The amount of any Termination Benefit cannot currently be ascertained. The details of the Termination Benefit for which approval is sought are as follows:

<b>Description of benefit</b>	<b>Manner in which value to be calculated</b>	<b>Matters, events and circumstances that will, or are likely to, affect the calculation of value</b>
Payment of Termination Benefit where Mr Hooper: <ul style="list-style-type: none"> <li>(a) has his employment or position terminated on notice by the Company; or</li> <li>(b) is otherwise made redundant.</li> </ul>	The Company will calculate the value of this benefit as including up to 12 months' Fixed Remuneration in lieu of the Company giving notice of termination of office.	<ul style="list-style-type: none"> <li>(a) The amount Mr Hooper is entitled to receive from the Company by way of remuneration at the time of his termination; and</li> <li>(b) The time after the commencement of the financial year that notice is served terminating employment.</li> </ul>

*Advantages and Disadvantages*

The Board notes that advantages may accrue to the Company and Shareholders as a result of the passing of this resolution, including the continuing focus of Mr Hooper on Shareholders' long term interests.

The Board recognises that the sector in which the Company operates is dynamic with significant merger and acquisition activity. The passing of this resolution will enable Mr Hooper to receive any accrued benefits under the STIP that may otherwise be lost or voided under a takeover or other Accelerated Event. The Board considers it advantageous that Mr Hooper should be entitled, in these limited circumstances, to

receive the benefits of any granted at-risk component of his remuneration. The Board believes that keeping the senior executives focussed on long term value creation will be in the best interests of all Shareholders and considers this resolution will recognise its commitment to Mr Hooper.

The Board notes that disadvantages may accrue to the Company and Shareholders as a result of the passing of this resolution. The only material disadvantage identified by the Board is dilution of Shareholders' interest in the Company as a result of the grant of Shares pursuant to the vesting of performance rights. This disadvantage will not eventuate if Shares granted to Mr Hooper are acquired on-market rather than through new issue of Shares. Further, it should be noted that approval of this resolution may permit the conversion of granted performance rights that Mr Hooper may hold into Shares upon an Accelerated Event occurring. On balance, the Board believes the advantages clearly outweigh the disadvantages.

### **Voting Restrictions**

The Company will disregard any votes cast on proposed Items 5.1 or 5.2 by:

- any director of the Company who is eligible to participate in any employee incentive scheme in relation to the Company and any associate of any such director; and
- as a proxy by a member of the KMP or their closely related parties.

However, the Company need not disregard a vote (and that person is not prohibited from voting) if:

- the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- where the proxy is a member of the KMP, the proxy is appointed by writing that specifies how the proxy is to vote on the resolutions proposed in Item 5 and it is not cast on behalf of a KMP or a closely related party of a KMP (including Mr Hooper); or
- the vote is cast as a proxy by the Chairman of the meeting and the proxy appointment expressly authorises the Chairman to exercise an undirected proxy as the Chairman decides.

The Chairman of the meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised) in favour of the resolutions in Item 5.

Key management personnel and their closely related parties are as described above in the voting exclusion statement for Item 3.

### **Directors' Recommendation**

The Directors, other than Mr Hooper (who is interested in the outcome of the resolution), recommend that Shareholders vote in favour of the resolution in Item 5.2.

### **Item 6 - Renewal of Proportional Takeover Provisions**

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by Shareholders. A proportional takeover bid is a takeover bid where the offer made to each securityholder is only for a proportion of that holder's securities. If a Shareholder accepts in full an offer under a proportional takeover bid, they will dispose of the specified proportion of their Shares and retain the balance of their Shares.

The Company's Constitution contains provisions requiring Shareholder approval of a proportional takeover bid in rules 29.8 to 29.13. For these provisions to be operative, specific approval of the proportional takeover rules is required. As the renewal of these provisions in the Constitution is taken to be a modification of the Constitution under section 648D(1) of the Corporations Act, the resolution in Item 6 to approve the renewal of the proportional takeover rules in the Constitution must be approved by special resolution.

The Directors consider it in the interests of Shareholders to renew approval of these provisions into the Constitution. If the resolution in Item 6 is passed, the proposed proportional takeover provisions (in rules 29.8 to 29.13 of the Constitution) will be reinserted for a further 3 years from the time the resolution is passed. [As more than 3 years have passed since the proportional takeover rules were last renewed by Shareholders, the proportional takeover rules will not operate unless the resolution in Item 6 is approved.] If the resolution in Item 6 is approved, the proportional takeover provisions will be in exactly the same terms as the previous provisions and will be renewed with effect from the date of the Meeting.

Where the approval of members is sought to renew proportional takeover provisions, the Corporations Act requires certain information to be included in the Notice of Meeting. That information is set out below.

### *Effect of proportional takeover provisions*

If a proportional takeover bid is made, the Directors must ensure that a resolution of relevant security holders to approve the takeover bid is voted on. The resolution must be voted on before the 14<sup>th</sup> day before the last day of the bid period (that is, no later than 15 days before the last day of the bid period).

The vote is decided on a simple majority of those entitled to vote - the bidder and its associates are not able to vote on the resolution. If the resolution is not passed, binding acceptances under the takeover bid must be rescinded and offers failing to result in binding contracts will be taken to have been withdrawn. If the resolution is not voted on before the required deadline, the bid will be taken to have been approved.

If the bid is approved (or taken to have been approved), transfers under the takeover bid can be registered (provided they otherwise comply with other provisions of the Corporations Act and the Constitution).

The proportional takeover approval provisions do not apply to full takeover bids and will only apply until 3 years after the date of renewal. The provisions may be renewed for a further term, but only by a special resolution of Shareholders.

### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their shares. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium.

These provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any proportional takeover bid is appropriately priced.

### *Knowledge of any acquisition proposals*

As at the date this notice of meeting was prepared, no Director of the Company is aware of any proposal by any person to acquire or to increase a substantial interest in the Company.

### *Review of proportional takeover provisions*

While the previous proportional takeover provisions were in effect, there were no full or proportional takeover bids for the Company. Therefore there has been no example against which to review the advantages or disadvantages of the previous proportional takeover provisions for the Directors and Shareholders respectively. The Directors are not aware of any potential takeover bid that was discouraged by these provisions.

### *Potential advantages and disadvantages*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages for Shareholders of the proportional takeover provisions include:

- Shareholders have a say in whether an offer under a proportional takeover bid should proceed;
- they may help Shareholders to avoid being locked in as a relatively powerless minority;
- they increase Shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- knowing the view of the majority of Shareholders may help each individual Shareholder assess the likely outcome of the proportional takeover bid and decide whether to accept or reject an offer under the bid.

The potential disadvantages for Shareholders include:

- the provisions place a hurdle that may discourage proportional takeover bids being made for shares in the Company;

- the Company's share price may be depressed or the Shareholders may lose an opportunity to sell some of their shares at a premium; and
- the likelihood of a proportional takeover succeeding may be reduced.

The Directors do not believe the potential disadvantages outweigh the potential advantages of reinserting the proportional takeover provisions for a further 3 years.

**Directors' Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of the resolution in Item 6.

For personal use only

## SHAREHOLDER PROXY FORM

I/We being a member(s) of Sigma Pharmaceuticals Limited and entitled to attend and vote hereby appoint:

<b>STEP 1</b>	<b>APPOINT A PROXY</b>
<input type="checkbox"/> <b>the Chairman of the Meeting (mark box)</b>	OR if you are <b>NOT</b> appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named. <span style="float: right; border: 1px solid black; width: 200px; height: 20px; display: inline-block;"></span>
If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at <b>11:00am on Wednesday, 7 May 2014, at the ANZ Pavilion, Victorian Arts Centre, 100 St Kilda Road, Melbourne, Victoria</b> and at any adjournment or postponement of the meeting.	
<b>Important for resolutions 3, 5.1 and 5.2:</b> If the Chairman of the Meeting is your proxy or may be appointed by default and you have not directed your proxy how to vote on resolutions 3, 5.1 and 5.2, by signing this Proxy Form at Step 3 you expressly authorise the Chairman of the Meeting to exercise your proxy on resolutions 3, 5.1 and 5.2 even though resolutions 3, 5.1 and 5.2 are connected directly or indirectly with the remuneration of a member of the Company's key management personnel.	
<b>The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.</b>	

 Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an 

<b>STEP 2</b>	<b>VOTING DIRECTIONS</b>						
<b>Resolution 3</b> To adopt the Remuneration Report (non binding advisory vote)	For <input type="checkbox"/>	Against <input type="checkbox"/>	Abstain* <input type="checkbox"/>	<b>Resolution 5.2</b> Approval of issue to the MD/CEO of the STIP Performance Rights on an Accelerated Event and Payment of Termination Benefit	For <input type="checkbox"/>	Against <input type="checkbox"/>	Abstain* <input type="checkbox"/>
<b>Resolution 4.1</b> To re-elect Mr Ray Gunston as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 6</b> Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4.2</b> To re-elect Mr Brian Jamieson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
<b>Resolution 5.1</b> Approval of issue to the MD/CEO of performance rights under the Executive STIP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

<b>STEP 3</b>	<b>SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED</b>	
Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

 This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).


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## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

### Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Monday, 5 May 2014**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE** >

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



**by mail:**

Sigma Pharmaceuticals Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.



**Sigma Pharmaceuticals Limited**  
 ABN 15 088 417 403

**LODGE YOUR QUESTIONS**



**ONLINE** >

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



**By mail:**  
 Sigma Pharmaceuticals Limited  
 C/- Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235 Australia



**By fax:** +61 2 9287 0309



**All enquiries to: Telephone:** +61 1300 139 653

Please use this form to submit any questions about Sigma Pharmaceuticals Limited (“the Company”) that you would like us to respond to at the Company’s 2014 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum. If your question is for the Company’s auditor it should be relevant to the content of the auditor’s report, or the conduct of the audit of the financial report.

This form must be received by the Company’s share registrar, Link Market Services Limited, by **Wednesday, 30 April 2014**.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company’s auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

**Question(s)**

*My question relates to (please mark the most appropriate box)*

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Remuneration Report              | <input type="checkbox"/> Sustainability/Environment        | <input type="checkbox"/> Other              |
| <input type="checkbox"/> My question is for the auditor   | <input type="checkbox"/> Future direction                  |   |

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|---|--|---|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Remuneration Report              | <input type="checkbox"/> Sustainability/Environment        | <input type="checkbox"/> Other              |
| <input type="checkbox"/> My question is for the auditor   | <input type="checkbox"/> Future direction                  |   |

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