

2013–
2014

ANNUAL
REVIEW

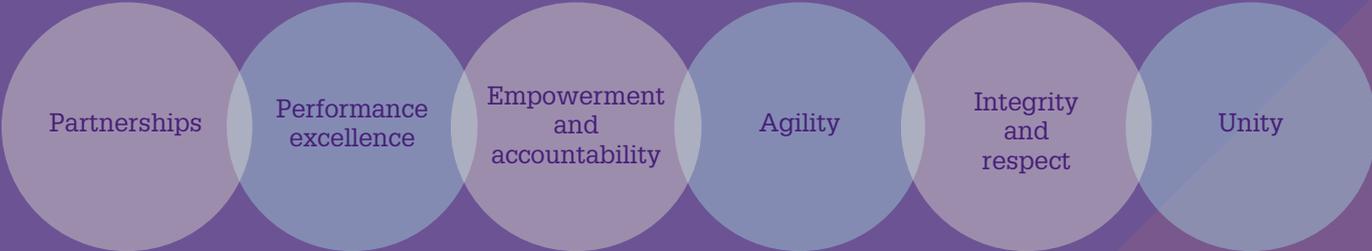
Growing partnerships





Sigma – Australia’s partner of choice for health, beauty and wellbeing.

OUR VALUES



OUR BUSINESS

As a full-line pharmaceutical wholesaler, Sigma plays a pivotal role in the Australian healthcare landscape, helping to ensure affordable, reliable and timely access to medicines Australia wide. As owner of the Amcal, Amcal Max and Guardian brands, Sigma is Australia's largest pharmacy-led network.

DISTRIBUTION CENTRES **13**

OUR TEAM MEMBERS **1,000**

SERVICING PHARMACIES WITHIN **24 hrs**

PHARMACY CUSTOMERS **4,000**

OUR SUPPLIERS **430**

PRODUCT LINES **14,000**

OUR PHARMACY-LED NETWORK **570**

PRODUCTS DELIVERED DAILY **600,000**

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Our numbers 2013/14

SALES
REVENUE

2.97 billion

ROIC

14.6%

NPAT

\$53.5 million

DIVIDEND
PAYOUT RATIO

84%

NET
CASH

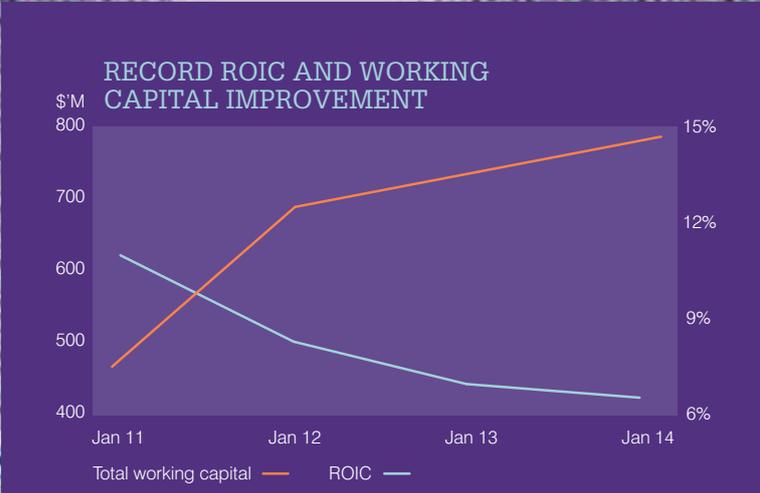
\$67.5 million

PEP

Each
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Chairman's report





I am pleased to present to you the 2013/14 annual report, a year that produced solid results off the back of continued reinvestment in our business and strong and developing business partnerships.

The past three years have involved navigating a path that resulted in significant changes to our business model, the introduction of a new and experienced management team, and considerable investment in the execution of a strategy to enhance our position for the future. We are now well advanced.

The past year has again not been without its challenges. The Federal Government reforms to the Pharmaceutical Benefits Scheme (PBS) aimed at containing the cost to the Federal budget has had a dampening effect on sales across the industry as a whole. It is important the Government now reinvest some of those savings in providing patient access to new and innovative treatments and services.

Meanwhile we continue to implement a number of key strategic initiatives to mitigate the impact of these Federal Government reforms and to assist in providing a strong enduring base for both Sigma and our partners.

In a difficult trading and PBS environment, Sigma achieved an increase in Total Revenue of 1.1% to \$2.97 billion. Reported Net Profit After Tax (NPAT) for the year increased from \$18.7 million last year to \$53.5 million, with the net movement mostly reflecting one-off items from 2012/13 that were not repeated. Underlying NPAT was \$51.1 million for the year.

The on-market share buy-back instigated in October 2012 has continued through the year, resulting in 42.7 million shares being bought back and cancelled. This reduced the number of shares on issue to 1.1 billion – a positive outcome for all shareholders. This has been an effective use of capital that we anticipate will continue in 2014/15.

We continue to implement a number of key strategic initiatives to mitigate the impact of these Federal Government reforms and to assist in providing a strong enduring base for both Sigma and our pharmacy partners.

The share buy-back program was scaled back during the year in anticipation of the successful completion of the acquisition of Central Healthcare Pty Ltd (Central Healthcare), announced on 26 March 2014. This acquisition provides Sigma with an opportunity to broaden our market penetration and an enhanced ability to service new customers, whilst also providing Central Healthcare with access to capital to continue its impressive growth profile. Central Healthcare will operate independently of Sigma, with the current business expected to initially contribute around \$3.5 million EBITDA on a full year basis, and is immediately earnings accretive.

The Board has again maintained a high dividend payout ratio to reward our shareholders, with 84% of NPAT being paid as a dividend. The 2.0 cents per share final dividend brings the total dividend paid for the year to 4.0 cents per share, consistent with the previous year. Looking forward, our lower franking credits balance will impact our ability to pay a franked interim dividend this financial year. Recognising Sigma's strong balance sheet, the Board will consider capital management options, including making the cash that would have been payable as an interim dividend available to continue the share buy-back program.

In closing, I would like to thank our many pharmacy customers and consumers. Your ongoing support enables Sigma to continue to invest in improving our business model for sustained mutual success. I also thank our dedicated employees who collectively strive to achieve our vision of being the Partner of Choice for Health, Beauty and Wellbeing, and the members of the Board for their ongoing support and stewardship.

Lastly I thank our shareholders for your continued support as we continue to seek opportunities to drive improving returns.

Mr Brian Jamieson, Chairman

CEO and Managing Director's report



The 2013/14 financial year has seen significant focus on further developing business partnerships and driving substantial business changes that will provide a more flexible business model to address ongoing industry challenges.

Our achievements during the year have been many, including launching our Professional Services offer to our pharmacy network, delivering our online pharmacy offering and continuing to develop and evolve our private label and exclusive pharmacy products. These are just some initiatives targeting reduced future reliance on PBS revenue. We are committed to our strategy and expect the real success of this investment program will be delivered in the coming years. Many of these are discussed in more detail in the following pages.

Meanwhile, the negotiation of the upcoming sixth Community Pharmacy Agreement (6th CPA) which is due for renewal in June 2015 will be critical in securing the future of the community pharmacy, and the ability of full line wholesalers to meet the Community Service Obligations (CSO). Sigma and the Wholesaler industry body (National Pharmaceutical Services Association – NPSA) will be actively engaged in this process.

For the financial year just past, Sales Revenue was up 1.1% to \$2.97 billion, a solid achievement in light of an operating environment where PBS sales across the industry were down as a result of significant ongoing Federal Government PBS reform.

Perhaps more pleasing is that in this challenging operating environment, our gross profit margin improved from 7.1% to 7.3%, notwithstanding increased costs associated with higher volumes delivered and the EBA related increases. Underlying EBIT of \$71.2 million was slightly ahead of last year.

There are continually improving signs that the business is in better financial condition as a result of our business initiatives:

- Underlying Return On Invested Capital (ROIC) has continued to improve, reaching 14.6% for the year, a record high for Sigma;
- Working capital has been further significantly reduced over the 12 months, resulting in the business achieving a record low of 50 days cash conversion cycle;

- Cash at bank at year end remains at a healthy \$67.5 million, with Sigma having zero debt at financial year end.

This strong cash position allows us to explore synergistic opportunities such as the recent Central Healthcare announcement. Importantly, we will continue to reinvest in the business operations to drive opportunities to increase sales and improve operating efficiencies. This will likely include the investment in new and more efficient distribution centres in Brisbane and Sydney over the next three years. This continues our program of business reinvestment, and re-affirms our commitment to the pharmacy channel.

The business is now clearly focussed on executing our strategy of being Australia's Partner of Choice for Health, Beauty and Wellbeing. We believe we have the platform in place and look forward to providing further updates in the future.

Reconciliation of Underlying NPAT

	2014 (\$m)
Reported NPAT as per Statutory Accounts	53.5
Adjustments:	
Litigation Settlement	2.6
Acquisition expenses	0.7
Harrisons provision	5.2
Profit on sale of Clayton	(10.9)
Underlying NPAT	51.1

Mr Mark Hooper, CEO and Managing Director

Our progress



Our strategy of reinvesting in the business to make Sigma “Australia’s Partner of Choice for Health, Beauty and Wellbeing” is now delivering, and includes the following initiatives that have been implemented over the past year.

Leading Professional Services in Pharmacy

Sigma sees pharmacy as the integral third pillar of the healthcare system alongside General Practitioners and Hospitals. Pharmacists are some of the most accessible health professionals, and can assist General Practitioners to manage the health of all Australians, including medication management and targeted health promotion.

Sigma is taking a leading position in actively introducing a number of professional service initiatives into the Amcal, Amcal Max, and Guardian pharmacy networks, including heart health, a world first kidney health program, diabetes management, respiratory complaints, and medication management. Other similar initiatives are planned throughout 2014 and beyond to help improve the health of Amcal, Amcal Max and Guardian pharmacy customers.

Launched during 2013 and further rolled out during 2014, the Hearing Check campaign, run in collaboration with Australian Hearing, is highlighting potential hearing issues for many Australians who wouldn’t necessarily have otherwise been able to access services. Within the first three weeks of the 2014 campaign, over 56% of the 1,674 consumers tested were identified with potential hearing issues requiring further investigation.

Amcal and Guardian pharmacies offer a very broad range of professional services at a local level. To raise awareness of the services offered at pharmacy, Sigma created a suite of service icons (examples pictured above) which are being used across all marketing channels to identify Amcal, Amcal Max and Guardian pharmacies as a key healthcare destination.

Extending Private and Exclusive Label

During 2013/14, Sigma has continued to grow and evolve its suite of products under the Private & Exclusive Label strategy. This investment strategy has seen:

Amcal and Guardian Private Label

Sigma has sourced over 100 products in the last financial year, with another 200 to enter the market in the year ahead. These products offer our pharmacy membership new sales opportunities to drive profit margin growth ahead of current market trend. This has been supported by the implementation of a software system for the development and management of the portfolio of products to optimise performance.

Sigma has sourced over 100 products in the last financial year, with another 200 to enter the market in the year ahead.



Multi-Channel –
Later this year we will be rolling out “click-and-collect” delivery options to our pharmacy network nationally.

Boots Laboratories Serum7 and Optiva Skincare

Sigma in partnership with Alliance Boots has launched a pilot program for the exclusive distribution of a range of skin care products including Boots Laboratories Serum7 and Optiva Skin. The product ranges are clinically proven, made by pharmacists for pharmacy customers and are being supported by a multi-faceted marketing campaign which included the Amcal Rewards and Guardian Club programs where over one million members were contacted. Within eight weeks of launch, Boots Laboratories products were ranked the number one brand in skincare with over 15% share of the total skincare category, and Serum7 and Serum & Lift ranges having greater category share than all other leading skincare brands in the category.

colour THEORY

Partnering with global experts and directly sourced from a number of international locations, Sigma has successfully penetrated the pharmacy cosmetics channel with the launch of colour THEORY, exclusive to Amcal, Amcal Max and Guardian pharmacies. colour THEORY is an exclusive brand offer and is Sigma's own affordable and accessible cosmetics range. The range is based on international trends of high fashion and classic colours, and very quickly became the number one budget cosmetics range in the Amcal, Amcal Max and Guardian Pharmacy store network. Activity continues to support colour THEORY, including the launch of the NEW 'Orchid Glamour' Autumn Winter Collection in 2014.

Delivering a leading Multi-Channel Offer

With digital channels evolving and playing a more important role in the way we connect with customers, Sigma launched Amcal, Amcal Max and Guardian eCommerce websites in July 2013.

Market research indicated that over 90% of visitors to an on-line store will purchase at a retail shop. Our customised store locator seeks to integrate and promote our pharmacists, build brand loyalty, and increase foot traffic to member pharmacies.

The sites also provide flexibility to suppliers to promote and bring to life their products not just on price but on the product attributes, and aligns with consumer trends towards making informed choices.

The sites are flexible and readily scalable, using an eCommerce platform used by more of the leading online retailers worldwide. Our new order management system delivers a superior customer experience and enables us to present real-time product availability. Customers have the ability to check on the progress of their orders, set reoccurring orders and choose to have their order split and delivered to more than one person at one time, helpful for carers looking after the health needs of multiple people.

Our experienced Multi-Channel team are now delivering the full suite of digital services to support members to connect meaningfully with their local communities with a dedicated and individualised store page to:

- Attract new customers in-store
- Promote the pharmacy and customer engagement activities
- Build awareness in the marketplace about professional service offerings
- Showcase staff and expertise

Later this year we will be rolling out “click-and-collect” delivery options to our pharmacy network nationally. Overseas experience has indicated this has the potential to reach up to 50% of sales through pharmacy. We will also be continuing to extend the range, and soon scheduled products and scripts will be available for click-and-collect.

We have seen strong growth in visitation, conversion and sales and will continue to roll out further initiatives in the coming year to enhance the customer experience and continue to grow sales.



Improving Operational capabilities

As a full-line pharmaceutical wholesaler, Sigma plays a pivotal role in the Australian healthcare landscape, helping to ensure affordable, reliable and timely access to medicines Australia wide. As owner of the Amcal, Amcal Max and Guardian brands, Sigma is Australia's largest pharmacy-led network. Sigma is committed to continuing to invest in opportunities to drive improvements in operational capabilities and efficiencies and improve the customer value proposition.

Optimising Retail Floor Space

Sigma has invested in the latest Space Management database software from JDA, which is leading technology used by major retail chains around the world.

This software will provide Amcal, Amcal Max and Guardian stores with an online solution that informs members of the most profitable way to lay out their stores from floor plan to product on shelf, resulting in efficiencies through increased stock turns, defined ranges and reduced write-offs.

Promotional activity and range optimisation will help ensure we provide the customer with the right product, in the right place at the right time, effectively driving increased sales and profit for Sigma and our pharmacy customers.

Supply chain automation

Our investment in supply chain improvements led to the introduction of the JDA supply chain software, one of the world's leading end-to-end supply-chain systems. Through the JDA software tools, Sigma now has a significantly enhanced ability to interrogate market demand signals to streamline the supply chain and better partner with suppliers and pharmacy customers.

In addition, upgrades to the automation processes at the Rowville distribution centre have been implemented, and work is underway in identifying automation options for our Brisbane and Sydney distribution centres, which is expected to occur over the next three years.



Our community

Celebrating its 15th year in 2013, The Guardian Angel Knitting Program, encourages participants to knit warm garments for children in need.

Sigma is in a privileged position to not only support certain charitable organisations, but to also partner with our broad network of retail pharmacies to facilitate improved public awareness and fund raising capacity for a number of causes.

This has included supporting The Summer Foundation, which aims to build better lives for young people in nursing homes.

Sigma also donated previously used computers to a school in a small village of Sigatoka in Fiji. In partnership with Jack Anderson at Coorinda Day and Night Pharmacy in Queensland, the donation has resulted in the establishment of the school's first computer room, assisting in the education of these under privileged children.

Through ticket sales and auction activities at the Sigma Supplier Gala dinner held during the year, attendees, including Sigma Ambassadors Georgie Parker (Amcal) and Dr Cindy Pan (Guardian), raised \$30,000 for Save The Children, supporting the work they do in providing education and child protection programs.

Amcal & Amcal Max

Cancer Council – Pink Ribbon Day

Amcal has been proudly supporting the Cancer Council for the past 11 years. In recent years, Pink Ribbon Day Merchandise has been sold at Amcal and Amcal Max Pharmacies during Breast Cancer Awareness Month. The funds raised through the sales of the merchandise have contributed to the Cancer Council's ongoing breast cancer research and support services. In 2013, over \$35,000 was raised in total across the network.

Cancer Council – Biggest Morning Tea

Over the past four years the Customer Service Team has hosted a 'Biggest Morning Tea' at Sigma Head Office in Rowville to raise money for the Cancer Council. Through the sale of raffle tickets and cupcakes and Sigma matching every dollar donated, more than \$3,500 was donated to this worthy cause.

Juvenile Diabetes Research Foundation

The Juvenile Diabetes Research Foundation (JDRF) is the world's largest charitable supporter of type 1 diabetes research, having invested more than \$150 million in Australian research to date. Australia continues to have one of the highest rates of type 1 diabetes in the world and Amcal's ongoing support of Jelly Baby Month raises the much-needed funds for research into finding a cure for this growing disease. During Jelly Baby Month in May, jelly baby themed merchandise is sold throughout our Amcal & Amcal Max network, helping raise over \$30,000 for JDRF.

Guardian Pharmacy

Guardian Angel Knitting Program

Celebrating its 15th year in 2013, The Guardian Angel Knitting Program, encourages participants to knit warm garments for children in need. Through Guardian Pharmacy's national network of over 140 pharmacies, an annual knitting pattern book is distributed and each location acts as a collection point for finished garments. Since launching the program, knitters – the Guardian Angels – have generously knitted and donated more than 2 million garments, demonstrating fantastic community spirit generated through the program. Some of those knitters have been with the program since its inception.



In 2013 the program partnered with Save the Children Australia who, through their amazing programs, distributed approximately 125,000 knitted garments to children both locally and abroad. Spotlight also continued their support of the program by assisting with the creation of patterns in the knitting book and yarn discounts to knitters.

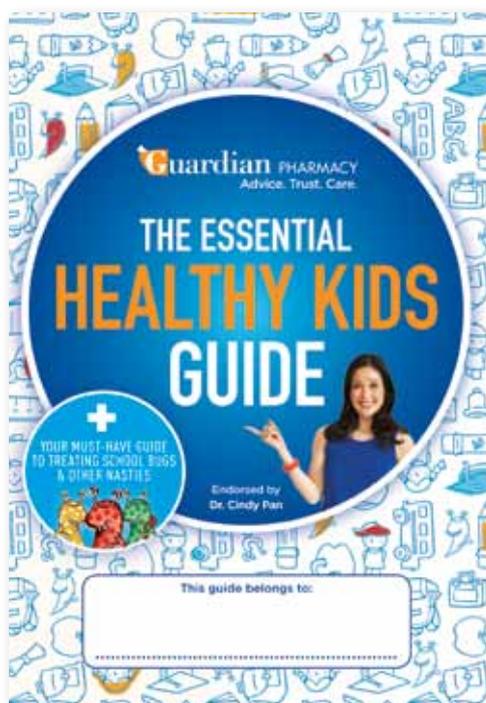
Our recognition and awards

To help celebrate the 15th year of the program the 'Stitch'n'Sip' event was held on the 15th July in Melbourne. The event encouraged novice knitters, with the assistance of Guardian Angels, to stitch a beanie, scarf or jumper to donate to the program. Save the Children ambassador Rebecca Judd hosted the event, together with 80 keen knitters.

Essential Healthy Kids Guide 2014

Guardian Pharmacy has continued its commitment to community health with the release of the annual Essential Healthy Kids Guide to coincide with the return of the new school year.

Available through Guardian Pharmacies nationally, the free guide is designed for parents, grandparents and carers of primary school children aged 4–12. Endorsed by Guardian brand ambassador Dr Cindy Pan, the Essential Healthy Kids Guide provides details on how to diagnose, monitor and treat a range of children's health concerns.



Guardian Pharmacy

In May 2013 Guardian was awarded the Canstar Blue Most Satisfied Customer Award for Pharmacy in 2013, the second year running Guardian has achieved this honour. This prestigious award is voted using a Consumer Panel of more than 2,500 consumers on an annual basis and recognises superior achievement in customer satisfaction. Guardian achieved five star ratings across a high number of satisfaction drivers highlighting the depth of relationship that exists between the community pharmacist and customer.

Guardian also achieved the honour of back to back wins in the Roy Morgan Research Customer Satisfaction Award for Pharmacy in 2012 and 2013, announced in February 2013 and 2014 respectively. These awards are based on a survey of 50,000 Australians annually – the world's largest ongoing single source survey. The Roy Morgan Customer Satisfaction Award is a much respected industry award, and again is public recognition of achievement in customer satisfaction.

Both awards are great examples of Sigma's commitment to put the customer at the centre of everything we do.



Our conferences

Retail Conference

Sigma's 2013 Annual Amcal and Guardian Retail Conference was officially opened on the Gold Coast, by Chairman Brian Jamieson, with the newly appointed Executive Director of the Pharmacy Guild of Australia, David Quilty, delivering the keynote speech.

With the theme of the conference "Building a Collaborative Future", Sigma's pharmacy members from across Australia were provided information on how the Company has delivered on its strategy, including the detail behind its investment of over \$15 million in people, infrastructure and systems.

Attendance was up by 20% this year, with attendees again enjoying a mix of professional and industry speakers, retail workshops and supplier exhibits.

The event concluded with Sigma honouring its top Amcal, Amcal Max and Guardian brand members at a Gala Awards night at Movie World on the Gold Coast. Guardian Pharmacy Ambassador Dr Cindy Pan and Amcal Ambassador Georgie Parker attended to personally congratulate award winners, including:

- **National Pharmacist of the Year**
Callie Fleay, Amcal Max Tuart Hill (WA)
- **National Amcal Pharmacy of the Year**
Deloraine Amcal (TAS)
- **National Amcal Max Pharmacy of the Year**
Amcal Max Gympie (QLD)
- **National Guardian Pharmacy of the Year**
Gayndah Guardian Pharmacy (QLD)



Annual Pharmacy Assistant Conference (PAAC)

Sigma's 2013 Annual Pharmacy Assistant Conference (PAAC) held in each state over a weekend for the Amcal, Amcal Max and Guardian Pharmacy Assistants and Retail Store Managers, was again a great success.

The 2013 PAAC theme was "Passion. Experience. Excellence" and focused on encouraging delegates to enhance the passion that already exists within teams and drive it further, share their experience and develop brand standards that deliver excellence.

This is still the largest event for Pharmacy Retail Assistants in Australia with over 660 Pharmacy Assistants and Store Managers attending this year's conference. A variety of awards were presented during the conference, including Pharmacy Assistant of the Year, Pharmacy of the Year, and Retail Manager of the Year, across all three banners.

PAAC 2013 included 26 partner sponsors providing extensive product knowledge, and other sessions designed to motivate, educate and inspire. The conference provides a unique opportunity for suppliers to engage with customer facing pharmacy staff, and provide training on customer service, marketing programs, and product launches.

Supplier Gala Dinner

Reckitt Benckiser (RB) was named Sigma's Supplier of the Year for 2013, at the second annual Supplier Gala Dinner and Awards held in October 2013. The award was recognition of the strong relationship that has been built between RB and Sigma over the past few years.

The Great Gatsby themed evening was attended by over 260 suppliers along with Sigma Ambassadors Georgie Parker (Amcal) and Dr Cindy Pan (Guardian).

Ticket and auction sales from the event raised \$30,000 for Save the Children and guests were treated to a live performance by the cast of the musical 'King Kong'.

Our people

Sigma operates across 13 sites nationally and employs over 1,000 team members who are critical to our strategy in enhancing our industry partnerships for mutual success.

Our people and cultural strategies are designed to attract, recruit and retain the industry's most talented people to achieve high performance for our customers, suppliers and other stakeholders.

An overview of some of our key people related programs are detailed in this section.

Service Awards

We are proud to report that our average length of service is over 7 years. This measure is positive reinforcement of a workplace environment that makes Sigma an employer of choice in the industry. Our longest serving team member is our PBS Ethical Buyer, Mike Foley, who has been with the business for a remarkable 42 years.

Sigma's Years of Service program recognises and rewards team members for every 5 years of service to the business. During 2013, 129 team members received awards under this program, with the following team members celebrating 40 years of service to Sigma:

- **Glenda McMillin**
Customer Service Operator at our Rowville Call Centre

- **Robert Gourlay**
Storeperson at our Hobart Distribution Centre
- **Roger Theodore**
Storeperson at our Rowville Distribution Centre

Climate Survey

Each year Sigma provides all team members with the opportunity to provide feedback on their level of satisfaction at work via the Climate Survey. The Climate Survey aims to identify areas of organisational strength as well as areas requiring further enhancement. The overall satisfaction rating from participants in 2013 was up on the previous year, and is in the top quartile. On other key areas measured, between 85% and 95% of respondents indicated they:

- have a good relationship with the people they work with;
- respect their manager;
- believe Sigma provides a safe working environment;
- are motivated or highly motivated at work;
- feel they make a difference at Sigma

The key areas identified as providing opportunity for improvement include internal communications and collaboration across teams. A number of key initiatives have been developed to address these areas.



Our people continued

Learning and Development

Sigma views its team members as valuable assets that play a pivotal role in the performance of the business. As such, each year Sigma invests a substantial amount of time and money in developing its team members.

During the 2013 calendar year Sigma invested significantly in the development of its leaders by implementing Franklin Covey's Great Leaders, Great Teams, Great Results program. All senior people managers participated in the program which has provided a common leadership framework across the business.

In addition to this program, Sigma offers learning and development programs across all levels of the business including Executive development programs, negotiation and influencing skills for sales positions, presentation skills for managers, computer skills training and manual handling training for all team members.

Reward and Recognition

Shine at Sigma aims to reward and recognise extraordinary individual and team performances that demonstrate commitment to our values:

- Partnerships;
- Performance Excellence;
- Empowerment and Accountability;
- Agility;
- Integrity and Respect; and
- Unity

Colleagues nominate other team members or teams and awards are presented on a quarterly basis, culminating in a National Winner. In 2013, 66 nominations were received for Shine awards, resulting in 29 quarterly winners.

Health and Safety

Sigma remains committed to providing, promoting and maintaining safe and healthy workplaces, equipment and systems. A focus on the health and well-being of team members is at the forefront of everything we do.

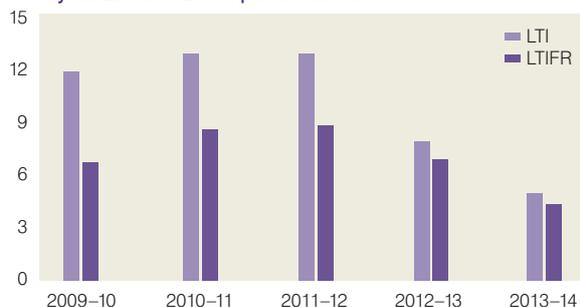
Our guiding safety principles remain:

- Prevent harm, eliminate hazards and reduce risk;
- Increase compliance, knowledge and awareness; and
- Promote and maintain a continuously improving safety culture

Sigma continues to encourage a safety-first culture at each site. This is evident in our health and safety results for the year which reflect our growing safety culture and our team's commitment to safe work practice when completing their daily activities. The year ended with a 37.5% reduction in Lost Time Injuries (LTIs) and a 37% reduction in Lost Time Injury Frequency Rating (LTIFR). This represents our best safety result for the past 5 years.

In addition, throughout 2013 Sigma's commitment to injury management and engagement with our people was highlighted when a member of our team was awarded the Victorian Worksafe 'Return to Work Award.' Given there were 323 entries for this award, it was an outstanding result to be chosen as the winner.

5 year LTI and LTIFR performance





Congratulations National Shine Award Winner 2013, Frank Laphorne

Frank began his career with Sigma in late 2010 as Retail Fit-Out Manager in the Property and Store Design team. Along with his peers, Frank is responsible for new site developments, fit outs and refurbishments within the Sigma retail store group, with particular focus on Amcal and Guardian pharmacies.

Frank was nominated for his role in developing a distribution centre dedicated to supporting Sigma's new multi-channel platform. Frank volunteered to take on a leadership role with this project which he completed in addition to his usual tasks, engaging with stakeholders to deliver solutions beyond expectations.

"I jumped at the chance to work on the design and construct project for the Multi-Channel team as it gave me the chance to work on a project outside my department. Working with the Multi-Channel team was a real pleasure and together we achieved a great result. The Shine Award came out of left field and I was very honoured to receive it".



Victorian Worksafe Award 2013 Worksafe Worker Return to Work Achievement, Wendy Bailey – Sigma Pharmaceuticals

Sigma's Credits Team Leader, Wendy Bailey fell and broke her tibia and fibula in her right leg. Wendy's attitude through this ordeal was exemplary – she accepted the seriousness of her injury and rather than blaming others, was very positive about her recovery and returned to work within three and a half months of the incident.

Throughout her rehabilitation Wendy set herself small physical goals every day, achieving her major goal of wearing heels to her son's wedding!

Worksafe celebrated Wendy's amazing effort to maintain a positive attitude after such a traumatic injury. Wendy was held up as being an inspiration and a fine example of how to overcome not only a work related injury but any injury or adversity.

"After being housebound for three months, I couldn't wait to get back to work. Getting back to work felt like I was getting my life back and played a big part in my recovery. I returned to work three and a half months after my injury occurred, performing modified duties. The amount of support I received really helped in my return to work. Sigma offered me access to counselling which I took up and that helped me immensely. I would visit work in my wheelchair and my work friends visited me all the time – all of which contributed to my motivation to get back to work as soon as possible."

Senior management

Mr Jeff Sells

CHIEF FINANCIAL OFFICER

Mr Sells rejoined Sigma in August 2010 having previously worked for Sigma as Group Treasurer from 2002 to 2004. Prior to rejoining Sigma, he was Chief Financial Officer of Citadel Resources Group Ltd from 2008 and before that spent four years as Chief Financial Officer for Oxiana Limited.

Mr Gary Dunne

CHIEF OPERATING OFFICER

Mr Dunne commenced with Sigma in July 2011. Prior to Sigma, he was involved in restructuring roles including Managing Director and Acting CEO for Redgroup and before that Chief Operating Officer of Clive Peeters. Mr Dunne has held a number of key management positions including General Manager of Supercenters and Strategy within the Coles Group and played an integral role in establishing ALDI in Australia as its first Regional Managing Director. Prior to this, Gary spent 17 years with Woolworths in a variety of senior management roles.

Ms Sue Morgan

GENERAL COUNSEL AND COMPANY SECRETARY

Ms Morgan commenced with Sigma in 2007 as Corporate Lawyer and moved into the role of General Counsel in early 2008. She was appointed Company Secretary in August 2009 in addition to her General Counsel role. Prior to commencing with Sigma, Ms Morgan spent eight years with HGR Lawyers.

Mrs Jackie Pearson

GENERAL MANAGER HUMAN RESOURCES

Mrs Pearson commenced with Sigma in August 2005. Prior to joining Sigma, she provided human resources advice to a variety of organisations within the private, public and government sectors. Mrs Pearson is responsible for Sigma's human resources activities including Occupational Health and Safety.

Mr Richard Harris

GENERAL MANAGER SYSTEMS & INFORMATION TECHNOLOGY

Mr Harris commenced with Sigma in early 2011 and was appointed to his current role in December 2011. Prior to joining Sigma, he was a principal consultant with the firm SMS Management & Technology, and has held senior technical positions with Fujitsu in Australia and Japan, and Ericsson Australia. Mr Harris is responsible for Sigma's business systems, IT infrastructure and information analytics.



Mr Jeff Sells

Mr Gary Dunne

Ms Sue Morgan

Mrs Jackie Pearson

Mr Richard Harris

Mr Scott Jones

GENERAL MANAGER MERCHANDISE AND MARKETING

Mr Jones commenced with Sigma in October 2010. He has over 20 years' experience in brand marketing, merchandise and retail development. Mr Jones has held management positions at The Decor Corporation, Mitre 10 and more recently senior management responsibilities at Symbion Pharmacy Services.

Mr Vincent Gualtieri

GENERAL MANAGER WHOLESALE SALES

Mr Gualtieri commenced with Sigma in 1996. He managed wholesale sales in Victoria and Tasmania for Sigma, as well as both Generic and OTC portfolios at State level before moving into the National Sales Manager role six years ago. Prior to joining Sigma, Mr Gualtieri held the roles of Sales Manager and Administration Manager at Myer.

Mr Alan O'Hara

GENERAL MANAGER SUPPLY CHAIN AND TRANSFORMATION

Mr O'Hara was appointed to the position of General Manager Supply Chain and Transformation in March 2012. He is responsible for sales and operations planning, regulatory compliance, pricing and promotions activity and customer service. Mr O'Hara was previously the General Manager of Supply Chain and Operations at Menora Foods and has held senior logistics and supply chain roles at Henkel Australia, Carter Holt Harvey and Mistral International.

Mr Richard Church

GENERAL MANAGER LOGISTICS

Mr Church commenced as the General Manager Logistics in November 2012 and is responsible for the service and supply of Sigma products to customers. Prior to joining Sigma, Mr Church held a variety of senior logistics, transformation and supply chain roles at Coles Supermarkets over a period of seven years. Previously Mr Church was with Sainsbury in the UK for over 18 years in retail operational and senior logistics roles.

Ms Claire Latham

GENERAL MANAGER MULTI CHANNEL

Ms Latham commenced with Sigma as the General Manager of Multi-Channel in July 2012. Ms Latham is responsible for establishing and driving a multi-channel retail strategy and practice for Sigma brands. Prior to joining Sigma, Ms Latham was the Marketing Leader of Mercer for Australia and New Zealand. Ms Latham's previous positions include Group Marketing Manager, PMP Limited and Group Account Strategy Director, Rosetta, based in the United States.



Mr Scott Jones

Mr Vincent Gualtieri

Mr Alan O'Hara

Mr Richard Church

Ms Claire Latham

Board of Directors

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. Mr Jamieson has not held any directorships of listed entities in addition to those set out above during the last three years.

Mr Mark Hooper (CEO & Managing Director)

BBUS (ACC), CPA, FFTP, MAICD
EXECUTIVE DIRECTOR

Appointed Managing Director of Sigma Pharmaceuticals Limited in August 2010. Mr Hooper has a broad range of experience in finance, commercial and operational matters primarily in the mining and pharmaceutical industries. Mr Hooper is a former Chief Financial Officer and Executive Director of PaperlinX Limited. From 2006 to 2008 Mark was the Chief Financial Officer and Chief Operating Officer for the Pharmacy and Consumer business for Symbion Health Limited. Prior to that Mr Hooper was Chief Financial Officer of Sigma from 2001–2006. Mr Hooper has not held a directorship of any other listed entity during the last three years.

Mr David Bayes

FAICD
NON-EXECUTIVE DIRECTOR

Chairman of the Remuneration and Nomination Committee and a Member of the Risk Management and Audit Committee. Appointed a Director of Sigma in June 2007. Mr Bayes has held a variety of board and executive positions including former Chief Executive Officer of Choice Hotels Australasia, Chief Operating Officer of Mortgage Choice, Chief Executive Officer and Director of Bakers Delight, former Non-Executive Director of Chiquita Brands South Pacific Ltd, former Non-Executive Director of North Western Healthcare Network and former Director of McDonald's Australia. Mr Bayes is a current member of the Victoria Council Australian Institute of Company Directors. Mr Bayes has over 30 years' experience in multi-outlet retail business. Mr Bayes has not held any directorships of listed entities in addition to those set out above during the last three years.



Ms Linda Nicholls AO

BA (ECON), MBA, FAICD
NON-EXECUTIVE DIRECTOR

Chairman of Risk Management and Audit Committee. Appointed a Director of Sigma Company Limited in April 1997 and of Sigma Pharmaceuticals Limited in December 2005. Ms Nicholls is Chairman of KDR VIC (Yarra Trams). She is a Non-Executive Director of Pacific Brands Group and a Director of Low Carbon Australia Limited and Fairfax Media Limited. She is also a Director of the Walter and Eliza Hall Institute of Biomedical Science.

She is a former Chairman of Healthscope Limited, Australia Post Corporation and a former Director of St George Bank, Insurance Manufacturers of Australia and of the Harvard Business School Alumni Board. Ms Nicholls has over 28 years' experience in banking and finance in Australia, the USA and New Zealand. Ms Nicholls has not held any directorships of listed entities in addition to those set out above during the last three years.

Mr David G Manuel

BPHARM, MPS, MAICD
NON-EXECUTIVE DIRECTOR

Member of the Remuneration and Nomination Committee. Appointed a Director of Sigma Pharmaceuticals Limited in October 2009. Mr Manuel is a community pharmacist and an active participant in industry affairs with a special interest in cognitive services such as Opiate Dependency treatments, Compounding, and Aged Care pharmacy services. Mr Manuel is a Director of Perth North Metro Medicare Local Ltd. He is the current Western Australian representative on the Amcal Members Advisory Committee (MAC). He is a current Branch Committee Member of The Pharmacy Guild of Australia (WA Branch). Mr Manuel has not held a directorship of any other listed entity during the last three years.

Mr Raymond M Gunston

B.COMM (HONS), DIPED,
CPA, FTA, 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 three years.



Corporate governance statement

Your Board is committed to applying the ASX Corporate Governance Council's Best Practice Recommendations and as at this date considers that Sigma has adopted those recommendations in all material respects. In this Statement, the relevant governance items are linked to each of the ASX Best Practice Recommendations (2nd edition).

This Statement outlines Sigma's system of governance. Further details can be found under the Corporate Governance section of Sigma's website (www.sigmaco.com.au).

Board of Directors

The Board of Directors is primarily responsible for setting the strategic direction and corporate governance of the Sigma Group.

The Board has adopted a Board Charter which sets out the responsibilities of the Board and its structure and governance requirements. Under the Board Charter the Board has the following responsibilities:

- overseeing the management of Sigma
- reviewing and approving management's business plans and strategic opportunities
- succession planning
- appointment and annual evaluation of the CEO and Managing Director
- establishing strategic goals for management
- identifying the principal risks and overseeing appropriate control and management systems for them
- monitoring Sigma's performance with the aim of maximising long-term returns to Sigma shareholders at an acceptable level of risk.

Matters reserved to the Board include:

- overseeing Sigma's corporate strategy and monitoring management's implementation of that strategy
- appointing and removing, determining remuneration of, evaluating performance of and planning for the succession of the CEO and Managing Director
- overseeing remuneration policies and senior executive performance
- overseeing Sigma's control and accountability systems, particularly in relation to the integrity of financial and other reporting
- approving Sigma's annual financial plans and budgets, monitoring financial performance and approving the annual and half-year financial statements and reports
- acquisition and disposal of legal entities and significant capital assets

- approval of significant borrowings and commitments
- matters relating to Sigma's securities including declaration of dividends
- reviewing and ratifying policies and systems of risk management, codes of conduct, legal compliance and corporate governance
- setting Sigma's values and standards of conduct and ensuring that these are adhered to in the interests of its shareholders, employees, customers and the community.

Subject to the specific authorities reserved to the Board under the Board Charter, and the authorities delegated to the Board committees, the Board has delegated to the CEO responsibility for the management and operation of the Sigma Group. The CEO is responsible for the day-to-day operations, financial performance and administration of the Sigma Group within the powers authorised to him from time to time by the Board. The CEO may make further delegation within the delegations specified by the Board and is accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter on Sigma's website.

ASX Best Practice Recommendation 1.1

Board composition and performance

Your Board currently consists of one Executive and five Non-Executive Directors, including the Chairman.

The Constitution authorises the Board to appoint Directors to vacancies and to elect the Chair. One third of Directors (excluding the CEO and a Director appointed to fill a casual vacancy and rounded down to the nearest whole number) must retire at every annual general meeting. Other than the CEO, no Director may remain in office for more than three years without resigning and standing for re-election. Any Director appointed by the Board must stand for election at the next annual general meeting of shareholders.

On an annual basis the Board conducts a review of its structure, composition and performance. On a regular basis the Board undertakes a formal, independent performance review.

ASX Best Practice Recommendations 2.5 and 2.6

Board selection process

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern the Sigma Group.

The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review. The Remuneration and Nomination Committee review the size and composition of the Board regularly and at least once a year as part of the Board evaluation process. The Board has a skills matrix covering the competencies and experience of each member. When the need for a new director is identified, the required experience and competencies of the new director are defined in the context of this matrix and any gaps that may exist. Generally a list of potential candidates is identified based on these skills required and other issues such as geographic location and diversity criteria. External advisors may be employed where necessary to search for prospective board members. Candidates are assessed against the required skills and on their qualifications, backgrounds and personal qualities. In addition, candidates are sought who have a proven track record in creating shareholder value and the required time to commit to the position.

ASX Best Practice Recommendation 2.5

Independence of Directors

As required under the Board Charter, the majority of the Board, including the Chairman, are independent Directors. Directors must notify the Company about any conflict of interest, potential material relationship with the Company or circumstance relevant to his/her independence.

Sigma has adopted a definition of 'independence' for Directors that is consistent with the ASX recommendations. Applying this definition, Mr Manuel (as a practising pharmacist and a Sigma customer) is not independent. The Board values the insight and advice provided by Mr Manuel.

All other Non-Executive Directors are considered by the Board to be independent, meaning that each one is generally free from any management role, or business interest or other relationship that could materially interfere with the Director's ability to act in the best interests of the Sigma Group as a whole.

Only those transactions permitted by Sigma's Constitution and the Corporations Act are conducted with Directors or their related parties. These are on the same commercial terms and conditions applying to any other external party, supplier or customer.

Directors are required to disclose in writing any related party transactions. Related party transactions are set out in the notes to the Company's financial report.

Directors are also required to identify any conflict of interest they may have in dealing with Sigma's affairs and subsequently to refrain from participating in any discussion or voting on those matters. If a potential conflict of interest is likely to arise, the Director concerned does not receive copies of the relevant Board papers and withdraws from the Board meeting while those matters are considered. Accordingly the Director concerned takes no part in discussion nor exercises any influence over other members of the Board if a potential conflict of interest exists.

On a regular basis Non-Executive Directors meet without the CEO and Managing Director or other members of management being present, to ensure that the Non-Executive Directors maintain independence of thought and judgement.

The Non-Executive Directors also meet independently with the external auditors at least twice a year.

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to obtain independent professional advice on any matter connected with the discharge of their responsibilities, with prior notice to the Chairman, at Sigma's expense.

ASX Best Practice Recommendations 2.1, 2.2, 2.3, 2.6

Board committees

The Board has established the following committees to assist it in carrying out its duties and to allow detailed consideration of issues:

- Risk Management and Audit Committee
- Remuneration and Nomination Committee

Each committee is comprised of Non-Executive Directors, and the CEO and relevant senior executives attend by invitation. The committee structure, membership and effectiveness continue to be reviewed on a regular basis.

Each committee has its own charter setting out its role and responsibilities and the manner in which it is to operate. Further details of those charters are contained on Sigma's website.

Matters determined by committees are submitted to the Board as recommendations for decision.

Corporate governance statement

continued

The Board and committees meet regularly throughout the year and the frequency of Board and committee meetings and committee members' attendance at those meetings is set out in the Directors' Report. These meetings include both scheduled meetings of the Board and Board committees and meetings organised as required to deal with any specific or urgent matters requiring their attention or action. All Committee meetings are open to all Board members to attend.

ASX Best Practice Recommendations 2.6, 4.1, 4.4, 8.1

Risk Management and Audit Committee

The Risk Management and Audit Committee comprises Ms Linda Nicholls (Chairman), Mr David Bayes and Mr Ray Gunston, who are all independent Non-Executive Directors.

In accordance with its Charter, its main responsibility is to advise and assist the Board on the establishment and maintenance of a risk management framework, internal controls and standards for the management of the Sigma Group and to monitor the quality and reliability of the financial information of the Sigma Group.

The Committee recommends the appointment, removal and remuneration of the external auditors. It also reviews the activities and organisational structure of the internal audit function and reviews the appointment or replacement of the internal auditor.

The Committee receives regular reports from management and from the internal and external auditors. It also meets with the internal and external auditors without the CEO or other members of management being present at least twice a year. The internal and external auditors are free at any time to communicate directly with either the Chairman of the Committee or the Board.

The Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Prior approval of the Committee must be gained for non-audit work to be performed by the external auditor. There are specified qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

ASX Best Practice Recommendations 4.2, 4.3, 4.4

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises Mr David Bayes (Chairman), Mr Ray Gunston and Mr David Manuel who are all Non-Executive Directors.

In accordance with its charter, the Committee's main responsibilities are to advise the Board on remuneration policies and practices, assess the necessary and desirable competencies of Board members, evaluate Board performance, review Board and management succession plans and to make specific recommendations on remuneration packages for the CEO, Non-Executive Directors and senior management based on an annual review.

The Remuneration and Nomination Committee is primarily responsible for providing recommendations to the Board in regards to the remuneration strategy, policies and practices applicable to Non-Executive Directors, the CEO, and Senior Executives.

Further details of the responsibilities and activities of the Remuneration and Nomination Committee, remuneration policies and structures, details of remuneration and retirement benefits paid to Directors are set out in Sigma's Remuneration Report.

ASX Best Practice Recommendations 2.4, 2.5, 8.2

Executive performance and remuneration

Sigma's Remuneration Policy was designed to recognise the competitive environment within which Sigma operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in Sigma's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of Sigma. The key principles are to:

- link executive reward with the strategic goals and sustainable performance of the Company
- apply challenging corporate and individual key performance indicators that focus on both short-term and long-term outcomes
- motivate and recognise superior performers with fair, consistent and competitive rewards
- remunerate fairly and competitively in order to attract and retain top talent
- recognise capabilities and promote opportunities for career and professional development
- through employee ownership of Sigma shares, foster a partnership between employees and other shareholders

In accordance with the policy, evaluation of senior executive performance and remuneration is undertaken by the CEO on an annual basis. Evaluation of the CEO's performance and remuneration is undertaken by the Remuneration and Nomination Committee and Board on an annual basis.

Sigma's executive remuneration policies and structures and details of remuneration paid to senior managers are set out in the Remuneration Report.

ASX Best Practice Recommendations 1.2, 2.4, 2.5, 8

Risk assessment and management

The Board is committed to the identification, assessment and management of risk throughout Sigma's business activities.

The Company has established policies for the oversight and management of material business risks. The Company's overarching Risk Management Policy is posted on the Corporate Governance page of Sigma's website.

The Board's committee structure forms an important part of the risk management process. Through the Risk Management and Audit Committee, the Board has required management to design and implement a risk management and internal control system to manage Sigma's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure.

Sigma recognises that risk management is an intrinsic part of each manager's day-to-day activity. Each business division is individually responsible and financially accountable for ensuring that there are appropriate systems and structures in place for the protection of its people and assets, in accordance with Sigma's risk policies and systems.

Management reports to the Board through the Risk Management and Audit Committee as to the effectiveness of Sigma's management of its material business risks on a quarterly and annual basis.

The Board has received assurance from the CEO and the CFO that the declaration provided in accordance with S295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

An analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems is carried out with the assistance of an external firm, independent of Management and the external auditor.

The firm has direct access to the Risk Management and Audit Committee and meets with them in the absence of Management on at least a semi-annual basis. They have all necessary access to Management and the right to seek information or explanations.

ASX Best Practice Recommendation 7

Diversity

Sigma has established the Sigma Diversity Policy which is set out on Sigma's website.

The Company respects and values the competitive advantage of diversity and believes that in order to be a high performing, agile and innovative organisation we must leverage the full potential of our people. We endeavour to nurture a culture that embraces individual difference in all its forms and values the many benefits that transpire from all aspects of diversity.

We continue to develop a workforce at all levels, including senior management and the Board, which reflects the diversity of our customers and the communities in which we operate. In accordance with the amended ASX Corporate Governance Principles and Recommendations (Recommendation), the Company makes the following disclosures in relation to gender diversity.

Diversity policy

In accordance with Recommendation 3.2, the Company has developed a Diversity Policy which is available at www.sigmaco.com.au

Measurable objectives and progress

In accordance with Recommendation 3.3 and the Company's diversity policy, measurable objectives for achieving gender diversity have been set by the Board and are reviewed annually in order to ensure they remain relevant and to assess the Company's progress towards achieving them.

Corporate governance statement

continued

During the financial year the Company has made the following progress towards achieving the measurable objectives:

MEASURABLE OBJECTIVES	PROGRESS
Aim to increase the proportion of women on the Board as vacancies and circumstances permit	No Board vacancies arose during the financial year. The Board remains committed to ensuring that its composition is reflective of a broad range of skills, experience and diversity.
Aim to increase the proportion of women in executive and senior management positions as vacancies and circumstances permit	<p>A total of 15 executive and senior management vacancies were filled during the financial year with women filling 8 of these vacancies. The number of women in senior executive positions has increased from 43% last year to 46% this year.</p> <p>A female Company representative sits on the interviewing panel for all executive and senior management vacancies. For each of these vacancies a diverse candidate pool is reviewed with the aim of interviewing suitable candidates from both genders.</p> <p>During recruitment activities the Company endeavours to balance the need to select the most suitably qualified and experienced candidate for the role with the advantages of promoting a diverse workforce.</p>
Target equal gender participation in key Talent Management programs	<p>48% of employees who participated in programs sponsored by the Talent Management team were female.</p> <p>Participation in these programs is open to employees of both genders and selection is based on merit and suitability.</p>

Proportion of women employees and Board members

In accordance with Recommendation 3.4, the Company makes the following disclosures in relation to the proportion of women in the organisation:

DISCLOSURE REQUIREMENT	DISCLOSURE
Proportion of women employees in the whole organisation	As at 31 January 2013 58% of the Company's employees were women
Proportion of women in senior executive positions	As at 31 January 2013 46% of senior executive positions within the Company were held by women
Proportion of women on the Board of the Company	As at 31 January 2013 20% of the Company's Non-executive Directors were women.

Ethical standards

All Directors, managers and employees are required to act honestly and with integrity.

Sigma has developed and communicated to all employees and Directors' the Sigma Code of Conduct. The Sigma Code of Conduct promotes:

- honest and ethical behaviour
- respect for people and property
- legal compliance

In summary Directors and employees must:

- minimise conflicts of interest and disclose possible or potential conflicts

- avoid receipts of material gifts or benefits from third parties in connection with Sigma's business
- report any knowledge of fraud, material error, breach of law, or of a concealed practice against the interest of Sigma
- not use any Sigma asset on an unauthorised basis for personal use or gain (including goods, money, equipment, corporate cards, intellectual property or the services of other areas of the organisation)
- treat all stakeholders (Sigma team members, shareholders, customers, suppliers, the public and others on Sigma's behalf) courteously, fairly and without harassment or unlawful discrimination in any form
- comply with all federal, state and local laws and regulations.

Sigma has a Whistleblowing Policy in place designed to enable Sigma employees to raise concerns internally and at a high level and to disclose information that the individual believes in good faith shows serious malpractice or wrongdoing within Sigma without fear of reprisal. No members of staff will be disadvantaged in raising legitimate concerns. Further details of Sigma's Code of Conduct and Whistleblowing Policy are set out on Sigma's website.

In addition Sigma has in place and enforces a number of key policies governing the standards of ethical behaviour, compliance with legal obligations and due regard to the reasonable expectations of shareholders required of all Sigma personnel including: Occupational Health and Safety, Equal Employment Opportunities, Harassment, Good Working Relationship and Privacy policies.

ASX Best Practice Recommendations 3.1, 3.3

Trading in Company securities

The Sigma Share Trading Policy prohibits Directors or employees from trading in Sigma's shares if they are in possession of non-public price sensitive information. It also prohibits short-term trading and arrangements to manage the risk of price changes of any shares held under any Sigma share plan during their non-disposal period.

Trading is not permitted in the period between end of full and half-year and the release of full or half-year results respectively or in the week prior to the annual general meeting. In addition, Directors must obtain prior approval for any trading from the Chairman and senior staff must seek prior approval from the CEO or the Company Secretary.

Regular reminders of Sigma's Securities Trading Policy are issued to senior management. Further details of Sigma's Share Trading policy are set out on Sigma's website.

ASX Best Practice Recommendations 3.2, 3.3

Communication and continuous disclosure

Sigma has a Continuous Disclosure Policy which sets out the requirements aimed to ensure full and timely disclosure to the market of material issues relating to the Sigma Group to ensure that all stakeholders have an equal opportunity to access information.

The policy reflects the ASX Listing Rules and Corporations Act continuous disclosure requirements.

Regular briefings and presentations are given. Any new information that is presented will have been disclosed to the ASX and posted on Sigma's website, together with all ASX releases. Sigma's external auditor attends the annual general meeting to answer questions regarding the audit.

Further details of Sigma's communications and continuous disclosure policy and procedure are set out on Sigma's website.

ASX Best Practice Recommendations 5.1, 5.2, 6.1, 6.2

Interests of stakeholders

Sigma promotes the highest ethical and professional standards. As a company with a reputation for fair and responsible dealing with stakeholders (including shareholders, customers, employees and government regulatory authorities) the Board demands that the highest standard of ethical behaviour be maintained and fostered throughout the organisation.

Sigma accepts the need for a legal regulatory framework of business and for a fair taxation regime. Sigma will therefore at all times seek to comply with the spirit as well as the letter of all applicable laws and regulations (both domestic and foreign) and where appropriate evaluate actions in a broader social context.

Sigma also retains the right to manage its affairs in an efficient, well-ordered and systematic manner, giving due consideration to tax and its goal of maximisation of returns to its shareholders.

Sigma requires a culture and system of compliance and accountability to be maintained throughout the organisation and for all employees to take pride in this underlying ethical basis of the organisation, acting legally and responsibly in all matters.

Directors and employees must comply with the codes of conduct that have been adopted by Sigma. These have been set out in earlier sections.

ASX Best Practice Recommendations 3, 7

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 January 2014

	2014 \$'000	2013 \$'000
Sales revenue	2,973,466	2,942,391
Cost of goods sold	(2,756,581)	(2,733,982)
Gross profit	216,885	208,409
Other revenue and income	51,689	38,835
Warehousing and delivery expenses	(102,267)	(101,922)
Sales and marketing expenses	(48,197)	(33,476)
Administration expenses	(37,176)	(33,804)
Net litigation settlement expense	(3,677)	(48,004)
Acquisition expenses	(662)	–
Depreciation and amortisation	(6,280)	(5,665)
Plant rationalisation and restructuring	–	(1,276)
Profit before financing costs	70,315	23,097
Financial income	2,449	4,170
Financial expenses	(4,431)	(2,339)
Net financing (expense)/income	(1,982)	1,831
Profit before income tax	68,333	24,928
Income tax expense	(14,797)	(6,242)
Profit for the year	53,536	18,686
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in the fair value of cash flow hedges	(933)	(933)
Exchange differences on translation of foreign operations	342	85
Income tax relating to components of other comprehensive income	177	254
Other comprehensive loss for the year, net of tax	(414)	(594)
Total comprehensive income for the year	53,122	18,092
Earnings per share (EPS) for profit attributable to the ordinary equity holders of the company:	Cents	Cents
Basic EPS	4.9	1.6
Diluted EPS	4.8	1.6

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated statement of financial position

As at 31 January 2014

	2014 \$'000	2013 \$'000
Current assets		
Cash and cash equivalents	67,468	112,692
Trade and other receivables	557,401	566,219
Income tax receivable	5,133	13,746
Inventories	222,392	255,010
Derivatives	18	–
Prepayments	3,586	3,721
Total current assets	855,998	951,388
Non-current assets		
Trade and other receivables	6,605	9,903
Property, plant and equipment	52,887	73,556
Intangible assets	22,553	14,237
Net deferred tax assets	7,126	7,087
Total non-current assets	89,171	104,783
Total assets	945,169	1,056,171
Current liabilities		
Trade and other payables	353,064	403,580
Borrowings	–	30,000
Provisions	11,042	9,415
Deferred income	252	141
Total current liabilities	364,358	443,136
Non-current liabilities		
Provisions	1,794	2,007
Deferred income	188	222
Total non-current liabilities	1,982	2,229
Total liabilities	366,340	445,365
Net assets	578,829	610,806
Equity		
Contributed equity	1,294,414	1,337,226
Reserves	17,537	14,511
Accumulated losses	(732,911)	(740,931)
Total equity	578,829	610,806

Five year summary

	2010 ¹ (\$m)	2011 ¹ (\$m)	2012 (\$m)	2013 (\$m)	2014 (\$m)
Operating results					
Sales revenue	3,220.4	3,339.6	2,853.9	2,942.4	2,973.5
EBITDA / (LBITDA)	(276.4)	(111.3)	74.7	28.8	76.6
EBIT / (LBIT)	(322.2)	(159.0)	69.2	23.1	70.3
Profit / (Loss) before tax	(394.3)	(237.7)	70.8	24.9	68.3
Profit / (Loss) after tax	(398.3)	(235.4)	49.2	18.7	53.5
Financial position					
Working capital	216.5	615.2	495.1	436.1	416.8
Fixed assets (incl intangibles)	1,113.6	67.6	83.2	87.8	75.4
Other assets & liabilities	(61.8)	(52.0)	(9.4)	4.2	19.1
Capital employed	1,268.3	630.8	568.9	528.1	511.3
Net debt / (Net Cash)	210.6	(202.1)	(113.6)	(82.7)	(67.5)
Net assets	1,057.7	832.9	682.5	610.8	578.8
Shareholder related					
Dividend					
- ordinary per share	3.0c	–	3.5c	4.0c	4.0c
- special per share	–	15.0c	1.5c	-	-
- total dividends (\$m)	35.0	176.8	58.9	47.0	44.9
Earnings / (Loss) per share	(41.7c)	(20.2c)	4.2c	1.6c	4.9c
Dividend payout ratio	N/A	N/A	120%	251%	84%
Net tangible asset backing per share	14c	69c	57c	51c	50c
Market capitalisation (year-end) (\$m)	1,102	524	707	773	672
Ratios & Returns					
EBIT margin ²	-10.0%	-4.8%	2.4%	0.8%	2.4%
Gearing ³	16.6%	N/A	N/A	N/A	N/A
Interest cover ^{4,5}	(3.8x)	(1.4x)	N/A	N/A	38.7x

1 Includes the Pharmacy Division results. This business was sold to Aspen in 2011.

2 EBIT/Sales Revenue.

3 Net Debt/Capital Employed (year end). Except for 31 January 2010 the Group had cash and cash equivalents over and above total debt.

4 Reported EBITDA/Net Financing Costs (times).

5 As at 31 January 2012 and 31 January 2013, the Group had positive Net financing income.

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Directors and senior management

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Recent dividends

<i>Dividend</i>	<i>Date Paid</i>	<i>Cents per share</i>
2014 Interim	23 Oct 2013	2.00
2013 Final	19 Apr 2013	2.00
2013 Interim	16 Oct 2012	2.00
2013 Special	27 Apr 2012	1.50
2012 Final	27 Apr 2012	2.00
2012 Interim	30 Nov 2011	1.50
2012 Special	11 May 2011	15.0

Shareholder calendar*

Full-year results	27 March 2014
Ex-dividend	3 April 2014
Record date	9 April 2014
Final dividend payment	30 April 2014
Annual General Meeting	7 May 2014
Half-year results	11 September 2014

* Dates may be subject to change



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