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ASX ANNOUNCEMENT

Sigma Proposed Sale of Pharmaceuticals Division

- Sigma and Aspen agree in principle on sale of Sigma's Pharmaceutical Division to Aspen
- Price of \$900 million
- Proceeds exceed Sigma group net debt
- New management able to consider new initiatives, including business improvement, capital management and medium-term growth opportunities
- Sigma retains Healthcare Division (Wholesale and Retail), in which it is an Australian market leader

Sigma Pharmaceuticals Limited (Sigma) today announced that it has agreed in principle to sell its Pharmaceuticals Division to the Aspen Pharmacare Holdings Limited group of companies (Aspen) for A\$900 million.

The anticipated proceeds from the transaction exceed Sigma's net debt, including securitised debt.

The Pharmaceuticals Division comprises Sigma's Generics, Consumer, OTC, Herron, Ethical Products, Medical Products, Orphan and Manufacturing businesses.

Mr Brian Jamieson, Chairman of Sigma, said: "Over recent months, the Board has carefully considered a number of expressions of interest in relation to the whole of Sigma's business and parts of the Group. The Board has concluded that Aspen's proposal to acquire the Pharmaceuticals Division is the best alternative for Sigma shareholders."

The proposed sale is subject to a limited number of conditions precedent. They include Sigma shareholder approval, lender approval, regulatory approval and preparation of definitive sale documentation. Under the proposed terms, Sigma will accept a non-compete with the Pharmaceuticals Division for a period of two years.

Other elements of the proposed sale include:

- Sigma having a long-term preferred supplier status with the Pharmaceuticals Division consistent with existing arrangements;
- Aspen supporting Sigma's existing pharmacy sales programmes and providing contract manufacturing services; and
- Sigma providing wholesaling, distribution, information technology and logistics services to the businesses acquired.

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If, following execution of formal documentation, the transaction does not proceed for reasons relating to Sigma, Aspen will be entitled to a break fee of 0.5% of the purchase price.

The agreed terms are non-binding and subject to formal documentation, other than Sigma agreeing to deal with Aspen exclusively until 15 October 2010.

Subject to agreement on definitive terms and conditions, Sigma's Directors will recommend that shareholders vote in favour of the sale, in the absence of a superior alternative.

Sigma and Aspen have agreed that the Pharmaceuticals Division is being sold at a multiple of approximately 12x attributable EBIT in the current financial year, implying an EBIT for the division being sold of approximately \$75 million. Sigma's most recent earnings guidance for the current financial year is an underlying EBIT for the Sigma Group (including the Pharmaceuticals Division) of \$140 million - \$150 million.

Under the proposed terms Sigma will retain its Healthcare Division, which includes the Wholesale and Retail businesses.

"Sigma will emerge after the sale in a financially powerful position for future growth and business improvement under the Company's new management team led by Mr Mark Hooper," Mr Jamieson said.

"We will also consider potential capital management initiatives."

Directors will provide further information on the transaction and a Notice of General Meeting to Sigma shareholders as soon as practicable. It is presently anticipated that a General Meeting will be held at the end of October 2010.

Sigma is being advised by Lazard and Minter Ellison.

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