

**ADDRESS GIVEN BY THE CHAIRMAN OF SIGMA PHARMACEUTICALS LIMITED
BRIAN JAMIESON, AT THE ANNUAL GENERAL MEETING ON MONDAY 21 JUNE 2010 IN
MELBOURNE, AUSTRALIA**

As you have heard from John and Elmo, the past year was a difficult and disappointing one for Sigma. We saw unprecedented competition across several major business segments that contributed to a number of significant items impacting our results.

The Board is extremely disappointed with last year's result. We are disappointed as directors and we are disappointed shareholders.

Today I will comment on:

- Board and management matters,
- Results to date for the current year, and
- Asset sales and the potential Offer for Sigma by Aspen.

As you would expect, the Board has been focused on corporate governance, risk management issues and the business.

Our committees have met regularly and the Board met many times over the 2010 financial year to monitor and overview the performance of the business.

Since late February, we have held 38 Board meetings, many meetings of the Risk Management and Audit Committee and numerous meetings with our advisors.

Personally, I've been closely engaged with management. I have been spending time at various operations and at the Croydon head office. I have sought to fully understand the impacts on the business.

We have an ongoing process of Board renewal and, as you are aware, Doug and John have retired.

Today we have announced the appointment of Ray Gunston to the Board.

Ray has extensive corporate and financial services experience in the public and private sectors, specialising in finance, taxation and accounting. I am sure he will make a valuable contribution as the company repositions itself for the future

I have already thanked John, and I would also like to thank Doug for the valuable contributions he has made during his term as a Director.

Elmo de Alwis has spent 33 years with the company. He has always been a passionate supporter of Sigma and the industry, and on behalf of the Board I thank him for his tireless efforts.

However, renewal is important at a management level too. We have appointed a new CEO and Managing Director who will join Sigma shortly. As announced last week, we are delighted that Mark Hooper has accepted this role. Mark would be known to many of you as Sigma's CFO several years ago. He has a deep knowledge of the company and the industry, and he will apply his considerable experience to deliver enhanced returns to shareholders.

While the regulatory & competitive environment is challenging for the Company, Sigma has a vertically integrated and diversified business model with leading market positions.

The highly competitive markets we faced during the last financial year have continued.

The first 4 months' performance of Sigma has been sound in most areas of our business. Our Consumer, Manufacturing, Medical and Retail businesses have all performed largely in line with expectations. Our largest division, wholesaling, which has annualized sales over 2.5 billion and over 30% market share, has enjoyed sales growth of 10% year on year.

Operating costs are in line with expectations. Corporate costs have understandably increased in the context of the Company's current activities. These are one off costs and not expected to recur.

Performance in Generics, in a really tough and volatile market, has been more difficult. Over our first four months to 31 May 2010 competition has been intense, with massive discounting, and EBIT was 6.4 million dollars below expectations.

The recent Federal Budget foreshadowed changes that have not yet been legislated. These changes are expected to adversely impact generics. The industry has made recommendations in response to the proposed changes, but it is not clear how these will affect the industry and Sigma.

The reforms are likely to place additional pressure on operating margins for the foreseeable future, and we are disappointed with the lack of adequate consultation displayed by the government.

The previous reforms to the PBS have delivered considerable savings to the government. In fact, independent sources have verified these savings to government to be considerably above those initially estimated. While additional reforms were expected, we believe the significant additional reforms proposed in the Federal Budget will further adversely affect the Australian pharmaceutical industry.

Whilst there remains considerable volatility in this market, we are resolute in converting this uncertainty to opportunity, and I will comment further on this shortly.

This financial year, we had budgeted for our FY2011 net profit after tax to return to similar levels of the FY2009 net profit after tax. Given the performance of our generics division to 31 May 2010 and the continuing volatility of the industry generally, we believe there is considerable uncertainty that our budget will be achieved in the current financial year. Significant one-off corporate costs arising from the Aspen bid and other non-recurring activities will also impact on the result. It is difficult to provide more specific guidance at this time, given this volatility, but we will endeavour to provide further guidance with our half year results.

The Company met all of its covenant requirements with its Banks when tested at the end of the first quarter.

Sigma has commenced a competitive process for the sale of the Herron brand of Consumer products. Funds raised will be applied to debt reduction. We are very happy with the level of interest shown for this and a number of other non-core assets.

This year we should also see the benefits of site rationalisation that was started last year. We have leased a state of the art warehouse in Rowville, Victoria. This will result in the phased closure of our existing Clayton and Laverton warehouses.

The sale and leaseback of certain other sites over coming months will also be applied to further debt reduction.

Lower debt translates in to reduced interest expense, and in turn to improved returns for shareholders.

On 21 May we announced to the ASX that Sigma had received a non-binding, indicative and conditional proposal to acquire all of the issued capital of Sigma for an indicative price of 60 cents per share under a scheme of arrangement or other whole of business transaction.

On 24 May we advised that this approach was from the Durban based pharmaceutical company Aspen Pharmacare Holdings Limited.

Aspen is currently conducting due diligence and we are continuing to engage with them.

HOWEVER ... no assurance can be given as to whether Aspen will ultimately make a formal proposal or that they will make a proposal that your Board is prepared to recommend to shareholders. We continue to recommend that shareholders take no action and we will keep shareholders informed of material developments.

Ladies and Gentlemen

I would now like to spend a few minutes discussing the company's current business and the rebuilding phase.

I am enthusiastic about being Chairman.

I have a sense of responsibility.

I am passionate about this 98 year old wonderful Australian company and its strong ties with its pharmacy base.

Sigma has strong businesses.

It has an excellent workforce to be led by our new CEO, Mark Hooper.

I want to now reflect why I believe in our company before moving to business items

First, reflecting on our Businesses

You have heard a lot about the businesses listed on the slide but I want to reinforce the importance of them.

As Elmo has reinforced they are all strong in their marketplace.

Be under no illusion, all of our businesses are important to us.

As our first quarter demonstrates, all except generics are performing well.

We have a great base, but recognise the potential threats of Government reforms.

We have world-class facilities but we have to do a better job of explaining to Government the effects of their reforms.

This industry needs their support to retain this manufacturing in Australia.

In relation to Generics

I have informed you of our first four month's results for generics – they are disappointing and we all know that.

However, let me tell you why I am optimistic.

This slide shows you the opportunity for our generics business.

In my opinion the generics business is one reason why Sigma is attractive to others.

The years ahead will reflect why we invested in Arrow.

We have market share; always an advantage for a business.

We have a clear path in implementing a strategy around the generics business.

We will stabilise the business.

We will build on the strength of loyal pharmacy customers, many of whom are shareholders.

Our task is to improve our market share and profitability.

And we will do all of this through a number of actions.

We will be finalising our strategy; the new CEO, the Board and Management will be on board and supportive.

Under the new CEO we will be revitalising our generics team.

Generics, ladies and gentlemen, in my opinion represents our greatest challenge but also our greatest opportunity.

As Chairman I think it is important that there is some sense of measurement or scorecard

I think it is important to show you where we are at and what we want to achieve by the next AGM.

I am confident that we will show an improvement on these items by the next meeting.

We have a strategic review being completed

We have a renewed management team and Board

We have ongoing bank debt reduction objectives

On profitability we look to

- Turnaround in generics

- Reduction in debt and interest

- A zero based cost review

We look to reducing working capital through

- Amended trade terms

- Inventory reduction

- Renewal of creditor terms

I am strongly supported by the Board.

Ladies and Gentlemen, I have taken you briefly through my objectives for Sigma.

I trust you will share my sense of opportunity for our shareholders.

As I have said today, this has been a very difficult year for the Company and its shareholders and for our management team.

All of Sigma's employees have been under considerable pressure, and I would like to thank them for their tireless work over the past year.

They play a vital role in the company's ability to deliver shareholder value, and I thank them and all of our stakeholders for their ongoing support.

Ladies and gentlemen, I would now like to introduce David Bayes, who will be replacing me as Chairman of the Remuneration and Nomination Committee to present this report to shareholders.

As a prelude, I would like to highlight the following key aspects of the Remuneration Report:

- no short term incentives were paid to Management
- no long term incentives vest

The incoming CEO will be paid remuneration that is competitive in our industry but also reflects the circumstances of our Company.

In addition the CEO and CFO termination payments have been determined having regard to their contractual terms and in accordance with their statutory entitlements.

It will largely comprise fixed and at risk remuneration in the form of short and long term incentives. It will reflect the skills and experience that he will bring to Sigma, and will be consistent with the reward of the current CEO and generally be in accordance with market norms for someone of his level of experience.

Consistent with market practice, the new CEO will also receive a sign-on payment and equity entitlement in recognition of the current circumstances of Sigma.

The equity entitlement will be put to shareholders for approval.

It is important that the Company is in good hands.

David

Brian Jamieson
Chairman, Sigma Pharmaceuticals Limited
21 June 2010