Media Release

7 September 2005

Sigma positioned for continued growth

Group Results

Sigma Company Limited (SIG) today announced a profit after tax of $31.65 million for the six months ending 31 July 2005, an increase of 19.8% over the same period last year.

Group sales revenue for the six months was steady, up 1.5% to $1.04 billion, reflecting the impact of the significantly slower PBS growth in the healthcare business. Importantly, group EBIT increased 16.2% to $56.8 million, reflecting Sigma's ability to manage costs and leverage its fixed cost infrastructure.

Sigma has again maintained its emphasis on Return on Capital Employed (ROCE), which increased from 22.5% to 24.7%.

Sigma's Managing Director Mr Elmo de Alwis said it is pleasing to again deliver a solid result, the ninth consecutive result that has met or exceeded market guidance.

"The pharmaceutical business has continued to grow in terms of its contribution to our overall performance, and through the proposed merger with Arrow Pharmaceuticals and the facilities redevelopment work, has an exciting period ahead. The Healthcare business again leads the way in the Australian pharmaceutical industry. The launch of the new Amcal Max banner has been successful and provides a framework to continue growth in the business", Mr Elmo de Alwis said.

The financial statements are the first to be prepared in accordance with the Australian equivalents to the International Accounting Standards (AIFRS). The net impact to the income statement is not material, with a decrease of approximately $0.5 million in profit before tax for the half year to 31 July 2005 when compared to the AIFRS financial statements for the prior corresponding period.

Pharmaceuticals

The successful implementation of our strategy in the Pharmaceutical Division has contributed to an increase in EBIT of 24% to $37.8 million and an EBIT to Sales margin up from 19.2% to 22.7%.

This has been achieved after incurring one-off costs of $2.9 million in relation to the closure of our plant at Mt Dandenong Road Croydon. Product manufacture from this site has been integrated into our remaining manufacturing sites as part of our overall facilities rationalisation strategy.

The Pharmaceutical business has continued to grow, with sales increasing by 4.6% to $167 million and EBIT up 24.0% to $37.8 million for the half-year.

Return on Capital Employed in the Pharmaceutical business was 22.0% compared to 19.4% for the same period last year.

The facilities redevelopment work has progressed at our Dandenong plant and is expected to be completed over the next two years. Mr Elmo de Alwis said this is a significant step in further enhancing the performance of the company as it goes forward.

"The expansion is an important phase in our future growth. It will deliver increased capacity, improved operational efficiencies and a more effective and commercial base to continue to meet compliance obligations. The redevelopment will provide Sigma with a platform to further expand our own branded products, exports, and contract manufacturing business opportunities".

Healthcare

The Healthcare Division achieved a sales increase of 1.5% to $904 million. The division's EBIT to sales ratio increased to 2.5% from 2.4% for the same period last year.

The Healthcare Division has maintained focus on managing costs and enhancing customer service. EBIT in Healthcare is up 6.1% to $22.4 million. This has been achieved against the backdrop of a difficult period in the full line wholesaling market, and highlights the strength of the underlying business.

Mr Elmo de Alwis said the result in the Healthcare business was very pleasing.

"Sales in the Healthcare Division reflect the negative impact of the Cox2 Inhibitor market and an increase in directly distributed generic products. For Healthcare to again maintain above average market growth demonstrates the strength of the underlying Healthcare business and the commitment of management and staff to providing our customers with a high level of service at a competitive price", Mr Elmo de Alwis said.

Return on capital employed in the Healthcare Division continued to improve achieving a rate of return of 30.4% compared with 28.4% for the same period last year. This is a significant improvement resulting from further capital management initiatives through the Sigma Rewards program, and the ability of the business to manage costs and capital expenditure requirements.

Outlook

Sigma's Chairman Dr John Stocker AO said the result again shows Sigma's ability to focus on the key business drivers during an exciting period for the company.

"Sigma has again delivered a solid result during a period which is undoubtedly one of the most exciting in the company's history. It is testament to the strength of the underlying business and to management that we are able to deliver excellent shareholder returns in the short term whilst paving the way for a strong future. The facilities redevelopment work, the proposed merger with Arrow Pharmaceuticals, the retail initiatives including launching Amcal Max – these are all strategic initiatives that are being implemented now and will contribute to our future success", Dr Stocker said.

Sigma Directors have declared an interim dividend of 14.5 cents per ordinary share fully franked, up from 10.5 cents last year. The dividend is payable on 4 October 2005.

"I can confirm that our business remains on target to deliver our full year forecast of profit after tax growth of 15% for the 2005/2006 year", said Mr Elmo de Alwis.

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Managing Director
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Sigma media releases are available on the Sigma website at; www.sigmaco.com.au

ASX Listing Rule 4.2A.3

A.B.N. 44 004 132 923

Australian Stock Exchange Listing Rules Disclosure

Half Year Report

For the period ended 31 July 2005

Contents	Page

The information contained in this Report is to be read in conjunction with the last annual report and any announcements to the market by Sigma Company Limited during the period.

Sigma will host a presentation to analysts and media on 7 September 2005 at 1.30pm with all presentation material posted to Sigma's website (www.sigmaco.com.au)

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Sigma Company Limited

A.B.N. 44 004 132 923

Half Year Report

For the period ended 31 July 2005
compared to prior half year period ended 31 July 2004

Results for announcement to the market

This is the first half year financial report based on Australian equivalents to International Financial Reporting Standards ("AIFRS"), and comparatives for the half year ended 31 July 2004 and full year ended 31 January 2005 have been restated accordingly.

Group Results				$000
Sales revenue	up	1.5%	to	1,036,951
Total revenue	Up	1.5%	to	1,053,503
Earnings before interest and tax	up	16.2%	to	56,785
Profit after tax attributable to members	up	19.8%	to	31,653
Net profit for the period attributable to members	up	19.8%	to	31,653

Group Ratios				
Earnings per share	up	18.9%	to	22.6¢
EBIT/Sales margin	up	14.5%	to	5.5%
Return on capital employed	up	2.2 points	to	24.7%

Dividends	Amount per security	Franked amount per security at 30% tax rate
Interim dividend	14.5¢	14.5¢
Previous corresponding period	10.5¢	10.5¢
The record date for determining entitlements to the interim dividend	Tuesday, 20 September 2005	

Sigma Company Limited
Half Year Report

Group Financial Results – Half Year Summary

Group Results	2005 $000	2004 $000	Change %
Sales Revenue	1,036,951	1,021,813	Up 1.5%
Earnings before interest and tax (EBIT)	56,785	48,851	Up 16.2%
EBIT before impact of plant closure costs	59,728	48,851	Up 22.3%
Profit before tax	45,178	38,988	Up 15.9%
Profit after tax	31,653	26,424	Up 19.8%
Capital Employed	459,669	434,730	Up 5.7%

Earnings per share	22.6c	19.0c	Up 18.9%
Interim dividend per share	14.5c	10.5c	
Net tangible assets per share	59.4c	42.8c	
EBIT/Sales	5.5%	4.8%	
Return on capital employed (ROCE)	24.7%	22.5%	

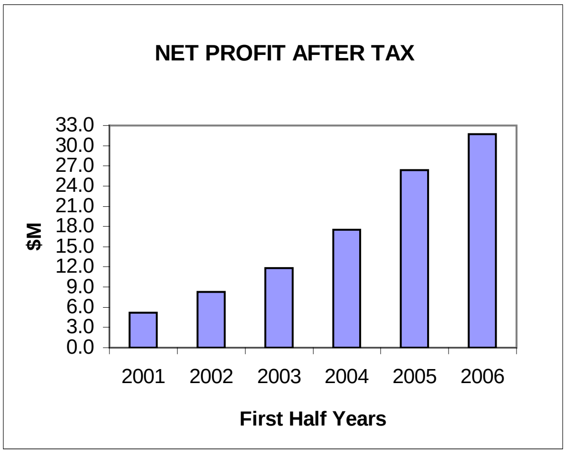
Key Measures

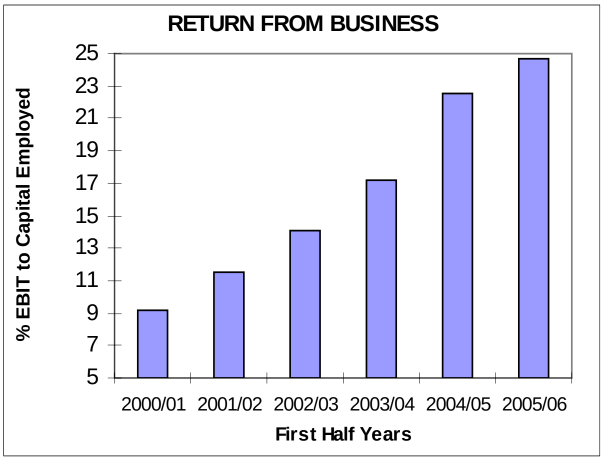
EBIT Up 16.2 %   PAT Up 19.8%   ROCE OF 24.7%

Outlook

Our focus on strategic business development initiatives places Sigma in a strong position to continue our successful growth.

The outlook remains strong and we confirm our full year PAT growth forecast of 15%.





Divisional Earnings Performance

Pharmaceutical Business

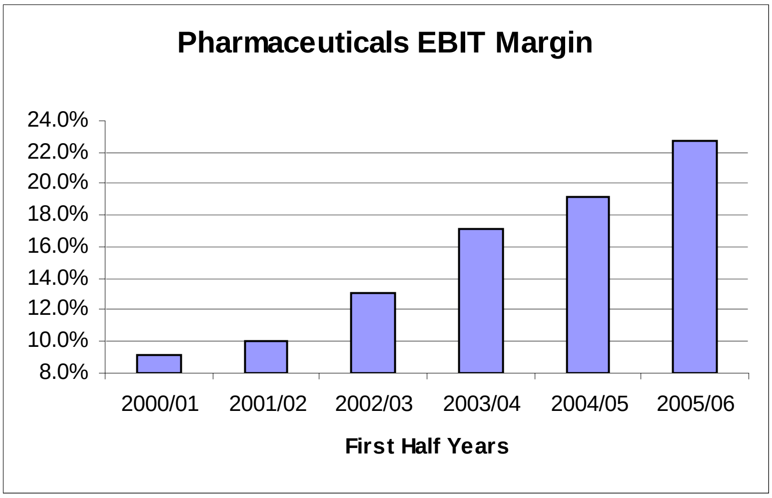
	2005 $000	2004 $000	Change %
Sales Revenue	166,632	159,291	Up 4.6%
Earnings before interest and tax (EBIT)	37,832	30,510	Up 24.0%
EBIT before impact of plant closure	40,775	30,510	Up 33.6%
Profit before tax	32,980	26,624	Up 23.9%
Capital Employed	343,614	314,942	Up 9.1%

EBIT/Sales	22.7%	19.2%	
Return on capital employed (ROCE)	22.0%	19.4%	

The Pharmaceutical business has continued to produce solid results, with EBIT up 24% from an increase in sales of 4.6%. This result reflects the ability of the Pharmaceutical business to leverage its relatively fixed cost base and focus on profitable sales growth.

The facility at Mt Dandenong Road Croydon has ceased manufacturing activities, and will close by December 2005. The EBIT margin of $37.8 million has been achieved after absorbing the one-off costs of $2.9 million associated with the closure of this facility.

The future for the Pharmaceutical business is looking positive together with the proposed merger with Arrow Pharmaceuticals and the $60 million redevelopment work at our Dandenong plant on target. The upgraded Dandenong facility will give Sigma a modern facility with increased capacity and greater opportunity to grow future sales of own branded product, contract manufacturing and exports.



Healthcare Business

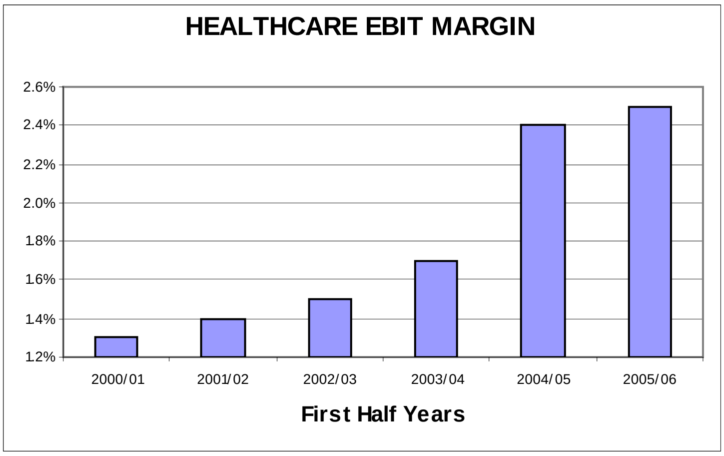
	2005 $000	2004 $000	Change %
Sales Revenue	903,791	890,423	Up 1.5%
Earnings before interest and tax (EBIT)	22,413	21,118	Up 6.1%
Profit before tax	15,660	15,009	Up 4.3%
Capital Employed	147,335	148,862	Down 1.0%

EBIT/Sales	2.5%	2.4%	
Return on capital employed (ROCE)	30.4%	28.4%	

The Healthcare business has continued to maintain above average market growth with sales up 1.5% from the corresponding period last year, compared to a total market decline of 0.41% (based on IMS data). The total wholesale market has been negatively affected as a result of the impact of the Cox2 Inhibitor market and the growth in directly distributed generic pharmaceuticals. Maintaining this growth in the Healthcare business during this difficult period is testament to the strength of the underlying business.

A significant initiative during the year was the launch of the new pharmacy banner, Amcal Max. The first pilot store was successfully opened in Queensland in August. The initial pilot has an improved retail offering that has contributed to considerable sales growth for both the pharmacy and Sigma. Further stores are to be launched in Melbourne in October and November, followed by further fine-tuning and an extensive roll out thereafter.

Sigma has also used the Amcal Max experience to refresh the Amcal and Guardian brands.



Recent Developments - Merger Proposal

On 22 August 2005, Sigma announced a proposal to merge with Arrow Pharmaceuticals Limited (Arrow).

Since its establishment in 2000, Arrow has achieved significant growth to become the second largest generic pharmaceutical company in Australia with sales in 2005 expected to exceed $400m.

The proposed merger with Arrow combines two complementary businesses that will significantly enhance Sigma's growth strategy and enable us to continue to deliver strong returns to shareholders.

The merged company will be named Sigma Pharmaceuticals Limited and will be owned two-thirds by Sigma shareholders and one-third by Arrow shareholders.

Based on market values before the proposed merger was announced, the combined group would be valued at approximately $2.2bn, ranking it close to the 80th largest company by market capitalisation listed on the ASX.

This is a very exciting opportunity for Sigma. It provides Sigma with access to an important and growing market segment in which Sigma had limited involvement.

Full details relating to the proposed merger are contained in the Scheme booklet mailed to shareholders, and on our web site (www.sigmaco.com.au)

International Financial Reporting Standards

Australian equivalents to International Financial Reporting Standards (AIFRS) affect Sigma from 1 February 2005. As a result, the financial report for the half-year ending 31 July 2005 is the Company's first financial report prepared in accordance with AIFRS. Comparative financial information has been restated accordingly.

Details of the impact of AIFRS are contained in Note 13 to the Financial Report. The following tables summarise the impact to the Income Statement and Balance Sheet as at 31 January 2005.

Income Statement

Income Statement ($'000) 31 January 2005	Post AIFRS 2005 $'000	Pre AIFRS 2005 $'000	% change
EBITDA	121,797	124,427	(2.1%)
Depreciation and amortisation	(15,921)	(19,578)	(18.7%)
EBIT	105,876	104,849	1.0%
Net finance costs	(20,994)	(20,994)	-
Profit before tax	84,882	83,855	1.2%
Income tax expense before the impact of entering tax consolidation	(27,511)	(26,593)	3.4%
Net profit after tax before the impact of entering tax consolidation	57,371	57,262	-

The impact to the Income Statement for the year ended 31 January 2005 is not material with NPAT (before the impact of entering tax consolidations) increased by $109,000 compared to NPAT pre AIFRS.

EBITDA post AIFRS is $2,630,000 below EBITDA pre AIFRS. This reduction is due to the AIFRS requirement to now recognise as expenses:

(1) The fair value of executive options and performance rights as employee benefit expenses over their vesting periods - $506,000.
(2) The discount on shares issued to employees under the Sigma Employee Share Plan (ESP) as an employee benefits expense - $800,000.
(3) The write-down of $1,324,000 in the value of land and buildings, which was recorded against the asset revaluation reserve pre AIFRS.

Balance Sheet

Total Balance Sheet adjustments to net assets at 31 January 2005 amounted to $56,605,000. The key areas impacted by the adoption of AIFRS are:

Balance Sheet ($'000) 31 January 2005	Pre AIFRS	Consolidation of Employee Share Plan	Asset Impairments/ derecognised	Herron acquisition accounting	Other	Post AIFRS
Current receivables	251,172	(808)	-	-	-	250,364
Non-current receivables	14,302	(13,609)	-	-	-	693
Property, plant and equipment	133,136	-	(11,643)	-	-	121,493
Intangible assets	233,489	-	(20,472)	18,658	2,635	234,310
Other assets	233,138	-	-	-	(629)	232,509
Assets	865,237	(14,417)	(32,115)	18,658	2,006	839,369
Deferred tax liabilities	3,633	-	(9,364)	18,989	21,062	34,320
Non-current provisions	4,879	-	-	-	50	4,929
Other liabilities	499,111	-	-	-	-	499,111
Liabilities	507,623		(9,364)	18,989	21,112	538,360
Contributed equity	243,266	-	-	-	800	244,066
Shares held by the equity compensation plan	-	(15,554)	-	-	-	(15,554)
Reserves	11,211	-	1,324	-	(8,268)	4,267
Retained earnings	103,137	1,137	(24,075)	(331)	(11,638)	68,230
Equity	357,614	(14,417)	(22,751)	(331)	(19,106)	301,009

Consolidation of the Sigma Employee Share Plan

Under previous AGAAP Sigma recognised the value of shares issued to employees within contributed equity and the amount of employee interest free loans owing on these shares were recognised as receivables.

Under AIFRS Sigma is now required to consolidate the Sigma Employee Share Plan (ESP) with the effect that the receivable owing by employees for shares has been derecognised from the Sigma Group balance sheet. In addition, the value of shares held by employees within the ESP is now recognised as a reduction in total equity.

Asset impairments/derecognised

Under AIFRS the Company is required to adopt AASB 136 Impairment of Assets, which requires that the recoverable amount of an asset is determined as the higher of the fair value less cost to sell and its value in use.

In applying the requirements of AASB 136 for the purposes of impairment testing assets are now grouped together at the lowest level for which there are separately identifiable cash flows.

At the date of transition to AIFRS the Group identified certain assets and cash generating units where the recoverable amounts were less than their previous AGAAP carrying amounts. As a result the Group has written down the value of plant and equipment, goodwill and brand names. Further details are provided in Note 13 to the financial statements.

Herron Acquisition Accounting

Under AIFRS, Sigma has elected to apply AASB 3 Business Combinations to the acquisition of Herron Pharmaceuticals Pty Ltd and its controlled entities (Herron) that occurred on 1 May 2003. As a consequence the Group has recognised additional goodwill, trademarks and licence fees and deferred tax liabilities at the date of this acquisition.

Under AASB 3 Business Combinations, amortisation of goodwill is no longer charged however, goodwill is reviewed annually for impairment with any write-down required charged to the Income Statement.

Shareholder's Calendar

2006 *

March	20	Final profit result and final dividend announcement
	23	Ex-dividend date
	29	Record Date
April	19	Final dividend payment
May	24	Annual General Meeting Melbourne 11am

* Dates may be subject to change.

Stakeholder Queries

Share Registry Enquires:

ASX Perpetual Registrars Limited
GPO Box 1736
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Australia
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E-mail: registrars@asxperpetual.com.au
Website: www.asxperpetual.com.au

Company Enquiries:

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Tel: +61 3 9839 2800
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Gary Woodford
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Australia
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Fax: +61 3 9839 2811

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

SIGMA COMPANY LIMITED ABN 44 004 132 923
Registered Office: 1408 Centre Road, Clayton VIC 3168

Directors' Report

Sigma Company Limited

For the half year ended 31 July 2005

The Directors submit hereunder their Report on Sigma Company Limited and its controlled entities (Group) for the half year ended 31 July 2005.

Directors

The names of the Directors of Sigma Company Limited in office during the half year and until the date of this Report are –

Dr J W Stocker, AO
Mr E R de Alwis
Mr L C Butler
Professor W N Charman
Mr B Jamieson
Ms L B Nicholls
Mr W J Scott
Mr H K Windle

Review of operations

The Group's sales revenue for the half year were $1,036,951,000 compared with $1,021,813,000 for the corresponding period in 2004. The Group's earnings before interest and tax for the half year was $56,785,000 compared with $48,851,000 for the corresponding period in 2004. The Group's net profit attributable to members of the Company for the half year was $31,653,000 compared with $26,424,000 for the corresponding period in 2004.

During the half year ending 31 July 2005 the Group incurred costs of $2,943,000 before tax or $2,060,000 after tax in respect of the closure of its North Croydon manufacturing facility.

Further details of the operations of the Group during the half year are set out in the attached financial report.

Subsequent Event

On 22 August 2005 Sigma Company Limited (Sigma) and Arrow Pharmaceuticals Limited (Arrow) announced an agreed proposal to merge their businesses.

If the merger is implemented, Sigma shareholders will hold 4.435 shares in the merged company for every Sigma share and Arrow shareholders will hold one share in the merged company for every Arrow share. In addition, Sigma shareholders will receive a special dividend of 28 cents per share fully franked prior to completion of the merger.

The merged company will be named Sigma Pharmaceuticals Limited and will be owned two-thirds by Sigma shareholders and one-third by Arrow shareholders.

The merger will be implemented through a Sigma scheme of arrangement. The Sigma shareholders meeting to approve the scheme, and an Arrow shareholders meeting to approve matters including changes to the company name and board in connection with the merger, are expected to be held in November 2005.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Rounding off

The Company is of the kind referred to in the Australian Securities and Investments Commission Class Order No. 98/0100 and in accordance with this Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors, dated 7 September 2005.

John W Stocker AO
Chairman

Elmo de Alwis
Managing Director

Melbourne, 7 September 2005

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website:www.pwc.com/au
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Auditors' Independence Declaration
Sigma Company Limited

As lead auditor for the review of Sigma Company Limited for the half year ended 31 July 2005, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sigma Company Limited and the entities it controlled during the period.

Andrew J Mill
Partner
PricewaterhouseCoopers

Melbourne
7 September 2005

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)

Consolidated Income Statements
Sigma Company Limited

For the half year ended 31 July 2005

	Refer Note	31 July 2005 $000	31 July 2004 $000
Sales Revenue	4	1,036,951	1,021,813
Cost of goods sold		(909,910)	(904,441)
Gross Profit		127,041	117,372
Other revenue	4	16,552	15,746
Warehousing and delivery expenses		(28,047)	(26,782)
Marketing and sales expenses		(33,424)	(32,529)
Administration and other expenses		(22,147)	(24,764)
Plant rationalisation costs	5	(2,943)	-
Finance costs	5	(11,854)	(10,055)
Profit before income tax expense		45,178	38,988
Income tax expense	6	(13,525)	(12,564)
Net profit attributable to members of Sigma Company Limited		31,653	26,424

Earnings per share (EPS)	¢	¢
Basic EPS	22.6	19.0
Diluted EPS	22.0	18.6

Notes appearing on pages 15 to 34 to be read as part of these consolidated interim financial statements.

Consolidated Balance Sheets
Sigma Company Limited

As at 31 July 2005

	Refer Note	31 July 2005 $000	31 January 2005 $000
Current assets			
Cash and cash equivalents	9	43,268	6,454
Receivables		202,531	250,364
Inventories		221,472	209,355
Prepayments		5,350	3,481
Total current assets		472,621	469,654
Non-current assets			
Receivables		693	693
Investments in securities		-	22
Property, plant and equipment		125,342	121,493
Intangible assets		226,914	234,310
Deferred tax assets		12,332	13,197
Total non-current assets		365,281	369,715
Total assets		837,902	839,369
Current liabilities			
Payables		265,924	269,282
Interest bearing liabilities		116,134	23,663
Current tax liabilities		9,993	11,122
Provisions		11,238	10,779
Total current liabilities		403,289	314,846
Non-current liabilities			
Payables		6,855	9,265
Interest bearing liabilities		75,000	175,000
Deferred tax liabilities		33,950	34,320
Provisions		7,005	4,929
Total non-current liabilities		122,810	223,514
Total liabilities		526,099	538,360
Net assets		311,803	301,009
Equity			
Contributed equity	8	244,066	244,066
Shares held by equity compensation plan		(14,617)	(15,554)
Reserves		4,164	4,267
Retained earnings		78,190	68,230
Total equity		311,803	301,009

Notes appearing on pages 15 to 34 to be read as part of these consolidated interim financial statements.

Consolidated Cash Flow Statements

Sigma Company Limited

For the half year ended 31 July 2005

	Refer Note	31 July 2005 $000	31 July 2004 $000
Inflows (outflows)			
Cash flows from operating activities			
Receipts from customers		1,202,063	1,095,186
Payments to suppliers and employees		(1,105,656)	(1,042,172)
Interest received		247	192
Finance costs paid		(11,854)	(10,014)
Income taxes paid		(14,430)	(17,287)
Net cash flows from operating activities		70,370	25,905
Cash flows from investing activities			
Proceeds from sale of business	11	5,269	-
Proceeds from sale of securities		22	-
Proceeds from sale of property, plant and equipment		-	27
Payments for additions of –			
property, plant and equipment		(10,439)	(4,300)
trademarks and licence fees		(116)	(3,297)
Net cash flows used in investing activities		(5,264)	(7,570)
Cash flows from financing activities			
Proceeds from issue of shares		-	89
Proceeds from redemption of ESP shares		937	625
Net proceeds from borrowings		(7,529)	4,722
Principal repayments under finance leases		-	(10,136)
Dividends paid	7	(21,693)	(17,416)
Net cash flows from financing activities		(28,285)	(22,116)
Net increase (decrease) in cash and cash equivalents		36,821	(3,781)
Cash and cash equivalents held at the beginning of the half year		6,454	12,724
Exchange rate adjustments to cash and cash equivalents held at the beginning of the half year		(7)	1
Cash and cash equivalents at the end of the half year	9	43,268	8,944

Notes appearing on pages 15 to 34 are to be read as part of these consolidated interim financial statements.

Consolidated Statements of Changes in Shareholders' Equity

Sigma Company Limited

For the half year ended 31 July 2005

	Equity attributable to members of Sigma Company Limited				
	Contributed equity $'000	Shares held by equity compensation plan $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 February 2004 (AGAAP)	235,684	-	12,639	76,275	324,598
Adjustment on transition to all AIFRS net of tax, excluding AASB 132 and AASB 139	-	(9,873)	(8,774)	(35,182)	(53,829)
At 1 February 2004 – adjusted	235,684	(9,873)	3,865	41,093	270,769
Profit for the period	-	-	-	26,424	26,424
Currency translation adjustments	-	-	(77)	-	(77)
Shares issued	89	-	-	-	89
Movements in					
- Unvested shares held by equity compensation plan	-	625	-	-	625
- Share-based remuneration plans	-	-	87	-	87
Dividends appropriated (Final 2003/04)	-	-	-	(17,416)	(17,416)
Balance at 31 July 2004	235,773	(9,248)	3,875	50,101	280,501

	Equity attributable to members of Sigma Company Limited				
	Contributed equity $'000	Shares held by equity compensation plan $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 February 2005	244,066	(15,554)	4,267	68,230	301,009
Profit for the period	-	-	-	31,653	31,653
Currency translation adjustments	-	-	(145)	-	(145)
Shares issued	-	-	-	-	-
Movements in					
- Unvested shares held by equity compensation plan	-	937	-	-	937
- Share-based remuneration plans	-	-	602	-	602
Derivatives	-	-	(560)	-	(560)
Dividends appropriated (Final 2004/5)	-	-	-	(21,693)	(21,693)
Balance at 31 July 2005	244,066	(14,617)	4,164	78,190	311,803

Notes appearing on pages 15 to 34 are to be read as part of these consolidated interim financial statements.

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1. Basis of Financial Report Preparation

This general purpose financial report for the half year reporting period ended 31 July 2005 has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting, and other mandatory professional reporting requirements.

The half year financial report does not include all notes of the type normally included within the annual financial report. Accordingly, this report is to be read in conjunction with the Company's annual report for the year ended 31 January 2005, which was prepared based on Australian Accounting Standards applicable before 1 February 2005 (AGAAP), together with any public announcements made by Sigma Company Limited during the half year ended 31 July 2005.

These financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value.

(a) Adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS)

These financial statements are the first Sigma Company Limited financial statements to be prepared in accordance with AIFRS and comparatives for the half year ended 31 July 2004 and full year ended 31 January 2005 have been restated accordingly.

A summary of the significant accounting policies of the Sigma Group under AIFRS are disclosed in Note 2 below.

Reconcilations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Group's equity and its net income are given in Note 13.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company, Sigma Company Limited, being the parent entity, and all of its subsidiaries, together referred to in this financial report as the Group. Subsidiaries include special purpose entities over which the Group has the power to govern the financial and operating policies. Where a subsidiary either began or ceased to be controlled during the year, the results of its operations are included only from the date control commenced or up to the date control ceased. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The effects of all transactions between group companies are eliminated in full.

(c) Use of accounting estimates

The preparation of the financial report requires management to make estimates and assumptions that affect the recognised amount of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may ultimately differ from these estimates.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the half-year financial report are set out below.

These policies have been consistently applied to all periods presented, with the exception of AASB 132: Financial Instruments Disclosure and Presentation and AASB 139: Financial Instruments Recognition and Measurement, for which the Group has taken the exemption available under AASB 1 to apply these standards from 1 February 2005. The Group has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

(a) Revenue

Sales revenue represents revenue earned from the sale of the group's products and services, net of returns, discounts, allowances, duties and taxes paid. Sales revenue is recognised when the goods are provided, or when the fee in respect of the services is receivable.

Dividend income is brought to account as revenue when declared. All other revenue is brought to account as it accrues.

Other revenue includes commissions and fees earned, marketing services and promotional income, membership income from banner groups, sub-lease rentals and interest income on short term investments.

(b) Earnings Per Share
Basic earnings per share is determined by dividing the net profit attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share is determined by dividing the net profit attributable to members of the Company, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus elements.

(c) Foreign Currency
Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. Foreign exchange gains and losses are brought to account in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

The assets and liabilities of foreign controlled subsidiaries are translated into Australian currency at rates of exchange current at balance date, while revenues and expenses are translated at the average rate calculated for the period. Exchange rate differences arising on translation are taken to the foreign currency translation reserve.

The foreign currency translation reserve for all foreign operations, through adoption of an election on transition to AIFRS as at 1 February 2004, was deemed to be zero.

Both the functional and presentation currency of Sigma Company Limited and its Australian subsidiaries is Australian dollars.

(d) Finance Costs
Finance costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

Finance costs include:

- interest on bank overdrafts, short-term and long-term borrowings
- interest payable on Sigma Rewards funding
- finance lease charges
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

(e) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of GST, except as stated below or if the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item in the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the Balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Dividends
Dividends are recognised when an obligation to pay a dividend arises, following declaration of the dividend by the Company's Board of Directors.

(g) Acquisition of assets
The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued, or liabilities undertaken at the date of acquisition, plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill.

The fair value of cash consideration with deferred settlement terms is determined by discounting any amounts payable in the future to their present value as at the date of acquisition. Present values are calculated using discount rates applicable to similar borrowing arrangements of the group.

(h) Recoverable amount of assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds recoverable amount, which is defined as the assets fair value less costs to sell. For the purpose of assessing impairment, assets are grouped at the level for which there are separately identifiable cash flows.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments with maturity of three months or less when purchased.

(j) Receivables

Trade debtors are generally settled within 60 days of the due date and are carried at amounts due. A provision is raised for any doubtful debts where the collection of the full amount of the debt is no longer probable. Bad debts are written off during the period in which they are incurred.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed factory overhead expenditure. Overhead costs are allocated on the basis of normal operating capacity. Cost is determined on the basis of first-in first-out, average or standard, whichever is the most appropriate in each case.

(l) Investments

Investments in controlled and other entities are carried at cost.

(m) Property, plant and equipment

Property, plant and equipment are recorded at cost. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the original assessed standard of performance of the existing asset will flow to the operation. All other subsequent expenditure is expensed in the period in which it is incurred.

Property, plant and equipment, other than freehold land, is depreciated or amortised on a straight-line basis at various rates dependent upon the estimated average useful life for that asset to the Group. The estimated useful lives of each class of asset are as follows –

Buildings	40 years
Plant and equipment	3 to 20 years

An item of property, plant and equipment is derecognised, upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the item is derecognised.

(n) Intangibles

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired.

Goodwill is not amortised. Instead, goodwill is tested annually for impairment.

Brand names

The Amcal and Chemists' Own brand names are being amortised on a straight-line basis over their expected useful life of sixty years.

All other brand names are amortised on a straight-line basis over their expected useful lives.

Trademarks and license fees

Trademarks acquired with the acquisition of Herron are being amortised on a straight-line basis over their expected useful life of between twenty and sixty years.

All other trademarks and license fees are amortised on a straight-line basis over their expected useful lives.

(o) Research and Development
Research costs are charged against the Income Statement as incurred.

Development costs are carried forward when future recoverability can be reasonably assured. Development costs are amortised over the assets useful economic life.

(p) Leases
Assets of the group, which are subject to finance leases are capitalised. The initial amount of the lease asset and corresponding lease liability is the present value of minimum lease payments. Lease assets are amortised on a straight-line basis over the life of the relevant lease, or where it is likely the group will obtain ownership of an asset, the life of the asset.

Lease liabilities are reduced by repayments of principal. The interest components of lease payments are charged against the Income Statement.

Operating leases are not capitalised. Operating lease payments are charged to the Income Statement as incurred.

(q) Trade payables
Liabilities are recognised for amounts to be paid in the future for goods or services provided to the group prior to the end of the reporting period. Trade accounts payable are normally settled within 60 days of the due date.

(r) Interest bearing liabilities
Interest bearing liabilities are carried at their principal amount, subject to set-off arrangements. Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after balance sheet date.

(s) Provisions
A provision is recognised when a legal, equitable or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

(t) Employee benefits
Provision is made for employee benefits accumulated as a result of employees rendering services up to balance date including related on-costs. The benefits include wages and salaries, incentive, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee. The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after 12 months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Share-based compensation benefits are provided to employees via the Sigma Employee Share Plan, the Senior Executive Option Plan and the Performance Rights Plan.

Share options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Share options and performance rights granted after 7 November 2002 and vested after 1 January 2005

The fair value of options and performance rights granted after 7 November 2002 are recognised as employee benefit expenses over their vesting periods. Fair value is determined at grant date by an external valuer using, in respect of options, the Black-Scholes option pricing model and in respect of performance rights the Monte-Carlo simulation methodology.

Upon the exercise of options and performance rights the balance of the share-based payments reserve relating to those options and performance rights is transferred to share capital.

Sigma Employee Share Plan

The discount on shares issued to employees under the Sigma Employee Share Plan (ESP) is recognised as an employee benefits expense with a corresponding increase in equity.

Any amount of unvested shares held by the ESP are owned by the Group until they vest and are recorded at cost in the balance sheet within equity as shares held by the equity compensation plan.

Superannuation

Contributions to superannuation plans are charged to the Income Statement as the contributions are paid or become payable.

(u) Directors' retirement
A provision for directors' retirement benefits is recognised in respect of all eligible non-executive directors who have served in that capacity for at least five years with a pro-rata entitlement accrual commencing after three years service.

(v) Rationalisation and restructuring
A provision for rationalisation or restructuring is recognised for the expected costs associated with the restructuring and is based on the best estimate of the direct expenditures to be incurred which are both directly and necessarily caused by the restructuring and not associated with the on-going activities of the group. The liabilities for termination benefits that will be paid as a result of the rationalisation or restructuring have been included in the provision for employee benefits.

(w) Income Tax
Deferred income tax is provided for using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for financial reporting purposes. Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

(x) Contributed equity
Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

(y) Derivatives
The Group is exposed to financial risks associated with movements in interest and foreign exchange rates. These risk exposures are managed by quantifying the impact of adverse interest and foreign exchange rate movements on the overall profitability of the Group. Derivative financial instruments are used to manage these risks and the types of instruments used by the Group include interest rate swaps, options, foreign exchange options and forward currency contracts. All activities are conducted within Board approved guidelines and are regularly reported to the Board. Uniform International Swap Dealers Association Master Agreements have been executed with ANZ, Commonwealth, National and Westpac banks to govern any such transactions.

All derivative financial instruments are recognised in the balance sheet at their fair value. Changes in the fair values of derivative financial instruments are recognised periodically either in the income statement or in equity, depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or a cash flow hedge.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges and are highly effective, are recorded in the income statement, along with the portions of the changes in the fair values of the hedged items that relate to the hedged risks. Changes in the fair values of derivative financial instruments that are designated and qualify as cash flow hedges, to the extent that they are effective as hedges, are recorded in equity. Changes in the fair values of derivative financial instruments not qualifying as hedges are reported in the income statement.

The Group documents at the inception of the transaction the relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivative financial instruments designated to specific firm commitments or forecast transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For the half year ended 31 July 2005

3. Financial Reporting by Segments

	31 July 2005 $'000	31 July 2004 $'000	31 July 2005 $'000	31 July 2004 $'000	31 July 2005 $'000	31 July 2004 $'000
	Sales revenue		Other non-interest revenue		Total revenues before interest	
Pharmaceutical	166,632	159,291	1,942	1,718	168,574	161,009
Healthcare	903,791	890,423	14,105	13,585	917,913	904,008
Corporate & Unallocated	-	-	258	251	241	251
Inter segment eliminations	(33,472)	(27,901)	-	-	(33,472)	(27,901)
Sigma Group	1,036,951	1,021,813	16,305	15,554	1,053,256	1,037,367

	Segment result – earnings before interest and tax		Net finance Costs		Segment result – earnings before tax	
Pharmaceutical	37,832	30,510	(4,852)	(3,886)	32,980	26,624
Healthcare	22,413	21,118	(6,753)	(6,109)	15,660	15,009
Corporate & Unallocated	(3,460)	(2,777)	(2)	132	(3,462)	(2,645)
Sigma Group	56,785	48,851	(11,607)	(9,863)	45,178	38,988

	Assets		Liabilities		Net assets	
Pharmaceutical	401,997	375,180	58,383	60,238	343,614	314,942
Healthcare	390,460	434,805	243,125	285,943	147,335	148,862
Corporate & Unallocated	4,099	8,037	3,768	4,687	331	3,350
Inter segment eliminations	(14,254)	(10,325)	(14,254)	(10,325)	-	-
Total segments	782,302	807,697	291,022	340,543	491,280	467,154
Assets and liabilities excluded from above[1]	55,600	20,934	235,077	207,587	(179,477)	(186,653)
Sigma Group	837,902	828,631	526,099	548,130	311,803	280,501

			Depreciation and amortisation expense		Additions and acquisitions of non-current assets	
Pharmaceutical			7,227	6,120	8,086	5,273
Healthcare			1,807	669	2,469	2,324
Corporate & Unallocated			172	953	-	-
Sigma Group			9,206	7,742	10,555	7,597

Inter-segment transfers are on an arms length basis

1 *Assets and liabilities shown against each segment exclude future income tax benefits, tax liabilities and assets and liabilities, which relate to the Group's financing activity.*

Detail of segments

Pharmaceutical – includes contract manufacture for Australian and overseas pharmaceutical companies and the manufacture, sale and marketing of Sigma, Herron and other allied products.

Healthcare – includes wholesale and distribution to pharmacy of prescription and over the counter products, management of banner groups, and the development and provision of private label products.

Corporate – includes corporate head office costs and all items associated with the New Zealand operations.

Geographical segments

The consolidated entity operates predominantly as a manufacturer, distributor and marketer of pharmaceutical and allied products through the pharmacy and grocery channels within Australia.

For the half year ended 31 July 2005

	31 July 2005 $000	31 July 2004 $000
4. Revenue		
Sales of goods	1,036,951	1,021,813
Other revenue		
From operating activities		
Commissions and fees	1,642	906
Membership income	5,823	5,948
Marketing services, promotional income and other revenue	8,840	8,700
From non-operating activities		
Interest revenue	247	192
Total revenue	1,053,503	1,037,559

5. Profit before Tax

Profit before tax has been arrived at after including –

a) Expenses

Finance costs	11,854	10,055
Interest revenue	(247)	(192)
Net Finance costs	11,607	9,863

b) Other items

Amortisation expense		
Brand names	455	463
Trademarks and license fees	3,763	3,135
Total amortisation expense	4,218	3,598
Depreciation expense		
Buildings	638	429
Plant and equipment	4,350	3,715
Total depreciation expense	4,988	4,144
Plant rationalisation costs	2,943	-

6. Income Tax Expense

The prima facie income tax expense reconciles to income tax provided as follows –		
Prima facie income tax expense on profit at 30%	13,553	11,696
Tax effect of amounts which are not deductible (taxable) in calculating income tax expense		
Non-deductible amortisation	570	441
Other items	186	536
Amounts (over)/ under provided in prior years	(784)	(109)
Income tax expense	13,525	12,564

7. Dividends

(a) Dividends paid during the half-year

The following amounts have been paid as final dividends in respect of the prior financial year:	Rate per share Cents	31 July 2005 $000	Rate per share Cents	31 July 2004 $000
Class of share				
Ordinary shares	15.5	21,674	12.5	17,396
Preference shares:				
Investor shares	15.5	18	12.5	19
8.5% Preference shares	4.25	1	4.25	1
		21,693		17,416

(b) Dividends proposed and not recognised as a liability

Subsequent to the end of the half year the Directors have declared the following interim dividend:

Class of share	Rate per Share Cents	Franking per Share Cents	Amount $000	Date Payable
Ordinary shares	14.5	14.5	20,318	4 October 2005

The record date for determining entitlements to the dividend is 20 September 2005

	31 July 2005 No.	31 July 2004 No.	31 July 2005 $000	31 July 2004 $000
8. Equity Securities Issued During the Half Year				
Fully paid ordinary shares				
Balance at the beginning of the half year	142,717,275	141,555,113	243,770	235,323
Shares issued in respect of –				
Conversion of Investor (preference) shares	119,255	18,050	262	40
Conversion of 8.5% Investor (preference) shares	32,935	440	34	-
Senior Executive Option Plan	-	45,090	-	89
Total movement	152,910	63,580	296	129
Closing balance	142,869,465	141,618,693	244,066	235,452
Investor (preference) share capital (1)				
Balance at the beginning of the half year	119,255	148,687	262	327
Conversions between classes	(119,255)	(18,050)	(262)	(40)
Closing balance	-	130,637	-	287
8.5% Investor (preference) share capital (1)				
Balance at the beginning of the half year	32,935	33,375,	34	34
Conversions between classes	(32,935)	(440)	(34)	-
Closing balance	-	32,935	-	34
Total contributed equity			244,066	235,773

(1) Conversion of Preference shares
At the Company's Annual General Meeting on 25 May 2005 approval was given for the conversion of all outstanding Investor (preference) shares and 8.5% Preference shares into fully paid ordinary shares. Each outstanding Investor (preference) shares and 8.5% Preference shares were converted into one fully paid ordinary share effective 25 June 2005.

	31 July 2005 $000	31 Jan 2005 $000
9 Consolidated Cash Flow Statements		
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	43,268	6,454
	43,268	6,454

During the half-year period ending 31 July 2005 the Company refinanced its Sigma Rewards debtors program. As a result of this refinancing the Company now holds an Investment in two Notes. The investment in these Notes of $21,099,000 at 31 July 2005 are classified within Cash and cash equivalents.

	31 July 2005 No.	31 July 2004 No.	31 July 2005 $000	31 July 2004 $000

10 Contingent Assets and Liabilities

Contingent liabilities existed at the end of the half year in respect of –				
Pharmacist guarantees [1]			14,903	25,700
Termination benefits under service agreements			1,840	1,193
Other guarantees			195	195
			16,938	27,088

(1) Sigma provides financial guarantees to a number of banks in relation to the borrowings of individual pharmacists. These borrowings relate to the financing of pharmacies. Sigma is therefore exposed to the financial viability of such pharmacies and the risk of their financial failure.

As at 31 July 2005, 184 guarantees (31 January 2005 – 233) had been provided. The amount outstanding in respect of these guarantees at this date was $85 million (31 January 2005 - $122 million). Sigma has established a loss indemnity program, which has had the effect of reducing the contingent liability under the guarantee program at 31 July 2005 to $14.9 million (31 January 2005 - $25.7 million). The program comprises a series of identical capping arrangements with the major holders of Sigma's guarantees.

11. Entities Disposed of During the Half-Year

Effective 30 May 2005, the Group sold its Hilton Healthstream business. Details of the net assets sold were as follows:

Fair value of net assets of controlled entities sold	2005 $'000
Stock	2,242
Prepayments	50
Plant and equipment	60
Intangibles	3,500
Trade and other creditors	(449)
Provisions for employee entitlements	(134)
Total proceeds on disposal	5,269

12 Subsequent Events

On 22 August 2005 Sigma Company Limited (Sigma) and Arrow Pharmaceuticals Limited (Arrow) announced an agreed proposal to merge their businesses.

If the merger is implemented, Sigma shareholders will hold 4.435 shares in the merged company for every Sigma share and Arrow shareholders will hold one share in the merged company for every Arrow share. In addition, Sigma shareholders will receive a special dividend of 28 cents per share fully franked prior to completion of the merger.

The merged company will be named Sigma Pharmaceuticals Limited and will be owned two-thirds by Sigma shareholders and one-third by Arrow shareholders.

The merger will be implemented through a Sigma scheme of arrangement. The Sigma shareholders meeting to approve the scheme, and an Arrow shareholders meeting to approve matters including changes to the company name and board in connection with the merger, are expected to be held in November 2005.

13 Explanation of Transition to Australian Equivalents to IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 February 2004	Notes	Previous AGAAP $'000	Effect of Transition to AIFRS $'000	AIFRS $'000
Current assets				
Cash and cash equivalents		12,724	-	12,724
Receivables	(h)	221,835	(541)	221,294
Inventories		179,297	-	179,297
Prepayments		4,156	-	4,156
Total current assets		418,012	(541)	417,471
Non-current assets				
Receivables	(h)	10,376	(8,830)	1,546
Investments in securities		22	-	22
Property, plant and equipment	(b)	120,189	(12,518)	107,671
Intangible assets	(a), (b), (c)	221,867	(1,961)	219,906
Deferred tax assets	(g)	11,539	61	11,600
Total non-current assets		363,993	(23,248)	340,745
Total assets		782,005	(23,789)	758,216
Current liabilities				
Payables		244,925	-	244,925
Interest bearing liabilities		95,111	-	95,111
Current tax liabilities		12,942	-	12,942
Provisions		10,908	-	10,908
Total current liabilities		363,886	-	363,886
Non-current liabilities				
Payables		11,715	-	11,715
Interest bearing liabilities		73,475	-	73,475
Deferred tax liabilities	(g)	3,349	29,990	33,339
Provisions		4,982	50	5,032
Total non-current liabilities		93,521	30,040	123,561
Total liabilities		457,407	30,040	487,447
Net assets		324,598	(53,829)	270,769
Equity				
Contributed equity		235,684	-	235,684
Shares held by equity compensation plan	(h)	-	(9,873)	(9,873)
Reserves	(d), (e), (f)	12,639	(8,774)	3,865
Retained earnings	(i)	76,275	(35,182)	41,093
Total equity		324,598	(53,829)	270,769

13 Explanation of Transition to Australian Equivalents to IFRSs (continued)

(b) At the end of the last half-year reporting period: 31 July 2004	Notes	Previous AGAAP $'000	Effect of Transition to AIFRS $'000	AIFRS $'000
Current assets				
Cash and cash equivalents		8,944	-	8,944
Receivables	(h)	263,725	(541)	263,184
Inventories		202,972	-	202,972
Prepayments		9,054	-	9,054
Total current assets		484,695	(541)	484,154
Non-current assets				
Receivables	(h)	12,685	(7,906)	4,779
Investments in securities		22	-	22
Property, plant and equipment	(b)	119,955	(12,081)	107,874
Intangible assets	(a), (b), (c)	220,310	(498)	219,812
Deferred tax assets	(g)	12,594	(604)	11,990
Total non-current assets		365,566	(21,089)	344,477
Total assets		850,261	(21,630)	828,631
Current liabilities				
Payables		315,726	-	315,726
Interest bearing liabilities		78,672	-	78,672
Current tax liabilities		11,508	-	11,508
Provisions		11,117	-	11,117
Total current liabilities		417,023	-	417,023
Non-current liabilities				
Payables		9,265	-	9,265
Interest bearing liabilities		84,500	-	84,500
Deferred tax liabilities	(g)	3,169	29,738	32,907
Provisions		4,385	50	4,435
Total non-current liabilities		101,319	29,788	131,107
Total liabilities		518,342	29,788	548,130
Net assets		331,919	(51,418)	280,501
Equity				
Contributed equity		235,773	-	235,773
Shares held by equity compensation plan	(h)	-	(9,248)	(9,248)
Reserves	(d), (e), (f)	12,562	(8,687)	3,875
Retained earnings	(i)	83,584	(33,483)	50,101
Total equity		331,919	(51,418)	280,501

13 Explanation of Transition to Australian Equivalents to IFRSs (continued)

(c) At the end of the last financial year: 31 January 2005	Notes	Previous AGAAP $'000	Effect of Transition to AIFRS $'000	AIFRS $'000
Current assets				
Cash and cash equivalents		6,454	-	6,454
Receivables	(h)	251,172	(808)	250,364
Inventories		209,355	-	209,355
Prepayments		3,481	-	3,481
Total current assets		470,462	(808)	469,654
Non-current assets				
Receivables	(h)	14,302	(13,609)	693
Investments in securities		22	-	22
Property, plant and equipment	(b)	133,136	(11,643)	121,493
Intangible assets	(a), (b), (c)	233,489	821	234,310
Deferred tax assets	(g)	13,826	(629)	13,197
Total non-current assets		394,775	(25,060)	369,715
Total assets		865,237	(25,868)	839,369
Current liabilities				
Payables		269,282	-	269,282
Interest bearing liabilities		23,663	-	23,663
Current tax liabilities		11,122	-	11,122
Provisions		10,779	-	10,779
Total current liabilities		314,846	-	314,846
Non-current liabilities				
Payables		9,265	-	9,265
Interest bearing liabilities		175,000	-	175,000
Deferred tax liabilities	(g)	3,633	30,687	34,320
Provisions		4,879	50	4,929
Total non-current liabilities		192,777	30,737	223,514
Total liabilities		507,623	30,737	538,360
Net assets		357,614	(56,605)	301,009
Equity				
Contributed equity	(e)	243,266	800	244,066
Shares held by equity compensation plan	(h)	-	(15,554)	(15,554)
Reserves	(d), (e), (f)	11,211	(6,944)	4,267
Retained earnings	(i)	103,137	(34,907)	68,230
Total equity		357,614	(56,605)	301,009

13 Explanation of Transition to Australian Equivalents to IFRSs (continued)

(2) Reconciliation of profit under previous AGAAP to profit under Australian equivalents to IFRSs (AIFRS)

(a) Reconciliation of profit for the half-year ended 31 July 2004	Notes	Previous AGAAP $'000	Effect of Transition to AIFRS $'000	AIFRS $'000
Sales revenue		1,021,813	-	1,021,813
Cost of goods sold		(904,441)	-	(904,441)
Gross Profit		117,372	-	117,372
Other revenue		15,773	(27)	15,746
Warehousing and delivery expenses		(26,782)	-	(26,782)
Marketing and sales expenses	(a), (c)	(32,393)	(137)	(32,530)
Administration and other expenses		(26,740)	1,977	(24,763)
Finance costs		(10,055)	-	(10,055)
Profit before income tax expense		37,175	1,813	38,988
Income tax expense	(g)	12,153	411	12,564
Net profit attributable to members of Sigma Company Limited		25,022	1,402	26,424

(b) Reconciliation of profit for the year ended 31 January 2005	Notes	Previous AGAAP $'000	Effect of Transition to AIFRS $'000	AIFRS $'000
Sales revenue		2,095,788	-	2,095,788
Cost of goods sold		(1,854,269)	-	(1,854,269)
Gross Profit		241,519	-	241,519
Other revenue		35,010	(29)	34,981
Warehousing and delivery expenses		(52,545)	-	(52,545)
Marketing and sales expenses	(a), (c)	(65,723)	(273)	(65,996)
Administration and other expenses		(53,041)	1,329	(51,712)
Finance costs		(21,365)	-	(21,365)
Profit before income tax expense		83,855	1,027	84,882
Income tax expense on operating activities before the impact of entering tax consolidations		26,593	918	27,511
Tax (benefit) on entering tax consolidations		(2,314)	469	(1,845)
Total income tax expense	(g)	24,279	1,387	25,666
Net profit attributable to members of Sigma Company Limited		59,576	(360)	59,216

13 Explanation of Transition to Australian Equivalents to IFRSs (continued)

(3) Reconciliation of cash flow statement for the half-year ended 31 July 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations

(a) Business combinations

The Group has elected to apply AASB 3 Business Combinations to the acquisition of Herron Pharmaceuticals Pty Ltd and its controlled entities (Herron) that occurred on 1 May 2003 and all subsequent business combinations (none). As a result, the Group has recognised additional goodwill, trademarks and licence fees and deferred tax liabilities at the date of this acquisition.

Under AASB 3 Business Combinations, amortisation of goodwill is no longer charged however, goodwill is reviewed annually for impairment with any write-down required charged to the Income Statement.

The effect of this is:

(i) *At 1 February 2004*
For the Group, there has been an increase in intangible assets of $19,241,000 and an increase in deferred tax liabilities of $19,547,000.

(ii) *At 31 July 2004*
For the Group, there has been an increase in intangible assets of $20,340,000 and an increase in deferred tax liabilities of $19,268,00.

(iii) *At 31 January 2005*
For the Group, there has been an increase in intangible assets of $21,293,000 and an increase in deferred tax liabilities of $18,989,000.

(iv) *For the half-year ended 31 July 2004*
For the Group, goodwill amortisation expense has decreased by $1,390,000 and trademarks and license fees amortisation expense has increased by $292,000.

(v) *For the year ended 31 January 2005*
For the Group, goodwill amortisation expense has decreased by $2,635,000 and trademarks and license fees amortisation expense has increased by $583,000.

(b) Impairment of assets

Under AASB 136 Impairment of Assets, the recoverable amount of an asset is determined as the higher of the fair value less cost to sell and value in use.

Assets that have an indefinite life will not be subject to amortisation but instead will be tested for impairment at least annually. Assets that have a finite life will be reviewed for impairment whenever events and/or circumstances indicate the carrying amount may not be recoverable.

The adoption of AASB 136 has resulted in a change to the previous AGAAP, which determined the recoverable amount of an asset on the basis of the net amount expected to be recovered through the net cash inflows from its continued use and subsequent disposal. Under previous AGAAP the expected net cash flows included in determining recoverable amounts of non-current assets were discounted to their present values, except for the Group's overseas based assets.

In applying the requirements of AASB 136 for the purposes of impairment testing, assets are now grouped together at the lowest level for which there are separately identifiable cash flows.

13 Explanation of Transition to Australian Equivalents to IFRSs (continued)

At the date of transition to AIFRS the Group identified certain assets and cash generating units where the recoverable amounts were less than their previous AGAAP carrying amounts. As a result the Group has written down the value of these assets as follows:

	1 February 2004 $'000
Plant and equipment	
Pharmaceutical Division	12,518
Goodwill	
Amcal	849
Brand names:	
Amcal	11,477
Guardian	3,968
New Zealand brands	3,601
	32,413

Recoverable amounts have been determined using a discount rate of 12% (before tax) to arrive at the assets' appropriate value in use.

The effect of this is:

(i) *At 1 February 2004*
For the Group, there has been a decrease in plant and equipment of $12,518,000, a decrease in goodwill of $849,000, and a decrease in brand names of $19,046,000.

(ii) *At 31 July 2004*
For the Group, there has been a decrease in plant and equipment of $12,081,000, a decrease in goodwill of $849,000, and a decrease in brand names of $18,836,000.

(iii) *At 31 January 2005*
For the Group, there has been a decrease in plant and equipment of $11,643,000, a decrease in goodwill of $849,000, and a decrease in brand names of $18,626,000.

(iv) *For the half-year ended 31 July 2004*
For the Group, depreciation expense has decreased by $437,000 and amortisation expense for brand names has decreased by $210,000.

(v) *For the year ended 31 January 2005*
For the Group, depreciation expense has decreased by $875,000 and amortisation expense for brand names has decreased by $420,000.

(c) Intangibles

Under AASB 138 Intangible Assets, internally generated intangible assets are required to be derecognised. The effect of this is:

(i) *At 1 February 2004*
For the Group, there has been a decrease in brand names of $1,307,000.

(ii) *At 31 July 2004*
For the Group, there has been a decrease in brand names of $1,152,000.

13 Explanation of Transition to Australian Equivalents to IFRSs (continued)

(iii) At 31 January 2005
For the Group, there has been a decrease in brand names of $997,000.

(iv) For the half-year ended 31 July 2004
For the Group, brand names amortisation expense has decreased by $155,000.

(v) For the year ended 31 January 2005
For the Group, brand names amortisation expense has decreased by $310,000.

(d) Land and Buildings

Under previous AGAAP land and buildings were carried at fair value. The Group has elected to revert to the cost basis through adoption of the deemed cost election available under the transitional arrangements of AASB 1. On transition to AIFRS the balance of the asset revaluation reserve applicable to these assets was transferred to retained earnings.

The effect of this is:

(i) At 1 February 2004, 31 July 2004 and 31 January 2005
For the Group, there has been a decrease in the asset revaluation reserve and a corresponding increase in retained earnings of $9,048,000.

(ii) For the half-year ended 31 July 2004
There is no effect on the Income Statement.

(iii) For the year ended 31 January 2005
For the Group, a write-down of $1,324,000 in the value of land and buildings was recorded in the Income Statement. Under previous AGAAP the write-down of land and buildings to their fair value was recorded against the asset revaluation reserve.

(e) Share-based payments

Under AASB 2 Share-based Payment, the Group is required to recognise an expense for those performance rights and options which were issued to senior executives after 7 November 2002 and which had not vested with the executive before 1 January 2005. The Group now recognises equity based compensation expense provided to employees over the relevant vesting periods.

In addition, the Group is required to recognise an expense for the discount on shares issued to employees under the Sigma Employee Share Plan.

The effect of this is:

(i) At 1 February 2004
For the Group, there has been a decrease in retained earnings of $135,000 and a corresponding increase in other reserves.

(ii) At 31 July 2004
For the Group, there has been a decrease in retained earnings of $222,000 and a corresponding increase in other reserves.

(iii) At 31 January 2005
For the Group, there has been a decrease in retained earnings of $1,343,000, an increase in other reserves of $641,000, an increase in contributed equity of $800,000 and an increase in deferred tax assets of $97,000.

(iv) For the half-year ended 31 July 2005
For the Group, there has been an increase in employee benefits expense of $87,000.

(v) For the year ended 31 January 2005
For the Group, there has been an increase in employee benefits expense of $1,306,000.

13 Explanation of Transition to Australian Equivalents to IFRSs (continued)

(f) Foreign currency translation reserve: cumulative translation differences

The Group has elected to apply the exemption in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards.* The cumulative translation differences for all foreign operations represented in the foreign currency translation reserve are deemed to be zero at the date of transition to AIFRSs. The effect of this is:

(i) At 1 February 2004, 31 July 2004 and 31 January 2005
For the Group, the balance in the foreign currency translation reserve is increased by $139,000. Retained earnings is decreased by this amount.

(ii) For the half-year ended 31 July 2004 and the full year ended 31 January 2005
There is no effect on the Income Statement

(g) Income Tax

Under previous AGAAP income tax expense was determined using the income statement approach. Under AASB 112 Income Taxes, a comprehensive balance sheet approach to determining deferred taxes is required. The comprehensive balance sheet method recognises deferred tax balances when there is a temporary difference between the carrying value of the asset or liability, and its value in a tax based balance sheet.

The effects are as follows:

(i) At 1 February 2004, 31 July 2004 and at 31 January 2005

Deferred Tax Liabilities

The effects on deferred tax liabilities from the adoption of AIFRS are as follows (tax rate of 30%).

	1 February 2004 $'000	31 July 2004 $'000	31 January 2005 $'000
Adjustments arising from adoption of AASB 112	38,321	37,909	38,696
Application of AASB 112 to adjustments arising from adoption of other AASBs			
Business combinations	1,530	1,442	1,355
Impairment of assets/derecognised	(9,861)	(9,613)	(9,364)
Increase in deferred tax liabilities	29,990	29,738	30,687

Deferred Tax Assets

The effects on deferred tax assets from the adoption of AIFRS are as follows (tax rate of 30%).

	1 February 2004 $'000	31 July 2004 $'000	31 January 2005 $'000
Adjustments arising from adoption of AASB 112	46	(619)	(741)
Application of AASB 112 to adjustments arising from adoption of other AASBs			
Employee benefits	15	15	15
Share-based payments	-	-	97
Increase/(decrease) in deferred tax assets	61	(604)	(629)

13 Explanation of Transition to Australian Equivalents to IFRSs (continued)

(i) For the half-year ended 31 July 2004
For the Group, the effect was to increase the previously reported income tax expense by $411,000.

(ii) For the year ended 31 January 2005
For the Group, the effect was to increase the previously reported income tax expense before the impact of entering tax consolidations by $918,000 and by $1,387,000 inclusive of the impact of tax consolidations.

(h) Consolidation of Special Purpose entities

Under AIFRS the Group is now required to consolidate the Sigma Employee Share Plan (ESP). Under previous AGAAP the ESP was not consolidated as it was not regarded as a controlled entity. Under the new policy any amount of unvested shares held by the ESP are now recorded at cost in the balance sheet within equity as shares held by the equity compensation plan.

Dividends paid by Sigma Company Limited on shares held by the ESP are eliminated in full on consolidation.

The effect of this is:

(i) At 1 February 2004
For the Group, there has been a decrease in contributed equity of $9,873,000, an increase in retained earnings of $502,000, a decrease in current receivables of $541,000 and a decrease in non-current receivables of $8,830,000.

(ii) At 31 July 2004
For the Group, there has been a decrease in contributed equity of $9,248,000, an increase in retained earnings of $800,000, a decrease in current receivables of $541,000 and a decrease in non-current receivables of $7,906,000.

(iii) At 31 January 2005
For the Group, there has been a decrease in contributed equity of $15,554,000, an increase in retained earnings of $1,137,000, a decrease in current receivables of $808,000 and a decrease in non-current receivables of $13,609,000.

(iv) For the half-year ended 31 July 2004 and the full year ended 31 January 2005
There is no effect on the Income Statement.

(i) Retained earnings

The effect on retained earnings of the changes set out above are as follows:

	Notes	1 February 2004 $'000	31 July 2004 $'000	31 January 2005 $'000
Business combinations	(a)	(437)	(729)	(1,020)
Non-amortisation of goodwill	(a)	-	1,390	2,635
Asset impairments	(b), (d)	(32,413)	(31,767)	(32,443)
Intangibles derecognised	(c)	(1,307)	(1,152)	(997)
Asset revaluation reserve transferred	(d)	9,048	9,048	9,048
Share-based payments expense	(e)	(135)	(222)	(1,440)
Foreign currency translation reserve transferred	(f)	(139)	(139)	(139)
Sigma employee share plan	(h)	502	800	1,137
Provisions for employee entitlements		(50)	(50)	(50)
Deferred taxes	(g)	(10,251)	(10,662)	(11,638)
Total adjustments		(35,182)	(33,483)	(34,907)

Directors' Declaration

Sigma Company Limited

The Directors declare that the financial statements and notes, set out on pages 11 to 33 –

a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
b) give a true and fair view of the consolidated entity's financial position as at 31 July 2005 and of its performance, as represented by the results of its operations and cashflows, for the half year ended on that date.

In the Directors' opinion:

a) the financial statements and notes are in accordance with the Corporations Act 2001; and
b) there are reasonable grounds to believe that Sigma Company Limited and its controlled entities will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

For and on behalf of the Board:

John W Stocker AO
Chairman

Elmo de Alwis
Managing Director

Melbourne
7 September 2005

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Independent review report to the members of Sigma Company Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Sigma Company Limited:

- does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of the Sigma Group (defined below) as at 31 July 2005 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the Sigma Group (the consolidated entity), for the half-year ended 31 July 2005. The consolidated entity comprises both Sigma Company Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PricewaterhouseCoopers

Andrew J Mill
Partner

Melbourne
7 September 2005

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