



## RETAIL OFFER DOCUMENT

Offer in relation to a fully underwritten non-renounceable Retail Entitlement Offer of 1 New Share for every 1.725 Existing Shares at A\$1.28 to raise approximately A\$254million

The Retail Entitlement Offer opens on Monday, 4 July 2016 and closes at 5.00pm (Melbourne time) on Friday, 15 July 2016 (unless extended)

This Retail Offer Document is an important document and requires your immediate attention. It should be read in its entirety before you decide whether to participate in the Retail Entitlement Offer. If you have any questions about any part of the Retail Offer Document you should consult your professional adviser.

This document is dated Thursday, 30 June 2016

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This document may not be distributed in any country outside Australia or New Zealand.

**MAYNE PHARMA GROUP LIMITED**  
ACN 115 832 963

# Retail Offer Document in relation to an underwritten pro-rata non-renounceable Retail Entitlement Offer

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## Important information

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Defined terms used in these important notices have the meaning given in this Retail Offer Document.

### **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

The information in this Retail Offer Document is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Retail Offer Document may not be released or distributed in the United States. This Retail Offer Document does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this document nor anything attached to this document shall form the basis of any contract or commitment. In particular, this Retail Offer Document does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**), or any securities laws of any state or other jurisdiction of the United States. Accordingly, the securities may not be offered or sold directly or indirectly in the United States unless they have been registered under the U.S. Securities Act (which Mayne Pharma has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable United States state securities laws.

This Retail Offer Document may contain certain *forward-looking statements*. The words *anticipate, believe, expect, project, forecast, estimate, likely, intend, should, could, may, target, plan, consider, foresee, aim, will* and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company. These factors may include changes in consumer demand for the Company's products, damage to brands and associated consumer images under which the Company's products are sold, fluctuations in the value of the Australian dollar, damage to the Company's relationships with its customers, suppliers and service providers, a breach by the Company of its debt covenants, increased competition, loss of key personnel, litigation and disputes, counterparty and credit risk, acquisitions and new business, change in operations, interest rate risk, market price fluctuations, general economic conditions, taxation, regulatory issues and changes in law and accounting policies. There can be no assurance that actual outcomes will not differ materially from these statements.

This Retail Offer Document is not financial product or investment advice nor a recommendation to acquire New Shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

The Company is not licensed to provide financial product advice in respect of New Shares.

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. In considering an investment in New Shares, investors should have regard to (among other things) the risks and disclaimers outlined in this Retail Offer Document.

## Key dates

This Retail Offer Document is dated Thursday, 30 June 2016.

The following are key indicative dates relating to the Entitlement Offer.

Activity	Date
Announcement of the equity raising	Tuesday, 28 June 2016
Institutional Entitlement Offer and Placement opens	Tuesday, 28 June 2016
Institutional Entitlement Offer bookbuild and Placement bookbuild closes	Wednesday, 29 June 2016
Shares recommence trading	Thursday, 30 June 2016
Retail Entitlement Offer Record Date (7.00pm Melbourne time)	Thursday, 30 June 2016
Retail Entitlement Offer opens	Monday, 4 July 2016
Retail Offer Document and Application and Entitlement Forms dispatched to Eligible Retail Shareholders	Tuesday, 5 July 2016
Settlement of Shares issued under the Institutional Entitlement Offer and Placement	Wednesday, 6 July 2016
Allotment and commencement of trading of Shares issued under the Institutional Entitlement Offer and Placement	Thursday, 7 July 2016
Retail Entitlement Offer closes (5.00pm Melbourne time)	Friday, 15 July 2016
Settlement of New Shares issued under the Retail Entitlement Offer	Thursday, 21 July 2016
Allotment of New Shares issued under the Retail Entitlement Offer	Friday, 22 July 2016
Commencement of normal trading of New Shares issued under the Retail Entitlement Offer	Monday, 25 July 2016

These dates are indicative only and are subject to change. The Company reserves the right to amend this indicative timetable at any time in agreement with the Underwriters and in particular, subject to the Corporations Act and ASX Listing Rules, to extend the latest date for receipt of Application and Entitlement Forms, to accept late Application and Entitlement Forms either generally or in particular cases, or to cancel the Entitlement Offer without prior notice.

# Chairman's letter

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30 June 2016

## Dear Shareholder

On behalf of the Directors of Mayne Pharma Group Limited (**Mayne Pharma** or **Company**), I am pleased to inform you of the agreement we have signed to acquire a significant portfolio of US generic products (**Portfolio**) from Teva Pharmaceutical Industries Limited and Allergan plc for cash consideration of US\$652million<sup>1</sup>. The Portfolio consists of 37 approved products and 5 FDA filed products in attractive markets with limited competition, across a range of therapeutic areas.

The Portfolio aligns strongly with Mayne Pharma's core competency in complex pharmaceutical formulations and includes high barrier to entry modified-release tablets and capsules, soft-gel capsules and transdermal patches.

The key benefits of the acquisition are expected to include:

- Significant transformation of the scope and breadth of Mayne Pharma's US Generic Products Division and rapidly moves Mayne Pharma into the top 25 retail generic companies and number 2 in the generic oral contraceptives market in the United States<sup>1</sup>;
- Substantially increases and diversifies Mayne Pharma's earnings across more products, therapeutic areas, dosage forms and complex technologies;
- Multiple opportunities for further growth through leveraging relationships with customers and suppliers. Stronger and deeper relationships with customers will drive incremental portfolio selling opportunities for existing marketed products. The expanded supply chain network of active pharmaceutical ingredient providers and contract manufacturing organisations will unlock new portfolio and pipeline opportunities;
- It is expected to accelerate the utilisation of Mayne Pharma's existing and previously announced expansions to manufacturing capacity and enable additional margin benefits to be captured over time, improving overhead recovery and the return on recent capital invested to expand the Company's facilities in the United States and Australia;
- Attractive deal terms:
  - Expected to contribute more than US\$237 million to Mayne Pharma's revenue with gross margins greater than 50% in FY17<sup>2</sup>;
  - Implied FY17 EBITDA acquisition multiple of less than 6x<sup>3</sup>; and
  - Expected to be very significantly accretive to earnings per share on both a cash and reported basis (excluding synergies) in FY17<sup>4</sup>.

Mayne Pharma is funding the acquisition of the Portfolio with a fully underwritten A\$888 million equity raising (comprising an accelerated non-renounceable entitlement offer and an institutional placement) and an extension of its existing debt facilities.

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<sup>1</sup> IMS Health moving annual total gross sales April 2016, adjusted for recent acquisition.

<sup>2</sup> Management forecasts and assumes 12 months contribution from the acquisition.

<sup>3</sup> Price excludes transaction costs and additional investment of A\$120 million required for technology transfer, capital expenditure and working capital.

<sup>4</sup> Excludes transaction costs. Cash earnings per share excludes the impact of the amortisation associated with identified intangibles recognised on acquisition as well as other certain non-cash adjustments.



As announced to the ASX on 30 June 2016, the Company has successfully completed the Institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) and the Institutional placement (**Placement**). The Institutional Entitlement Offer raised approximately A\$347 million and the Placement raised approximately A\$287 million, a total of approximately A\$634 million.

If you are an Eligible Retail Shareholder<sup>5</sup>, you are invited to participate in the Retail Entitlement Offer, under which 1 New Share is being offered for every 1.725 Existing Shares held at 7.00pm (Melbourne time) on the Record Date of Thursday, 30 June 2016 at an issue price of A\$1.28 per New Share (**Offer Price**). The Offer Price represents a 13.8% discount to the closing price of the Shares on ASX on 27 June 2016, which was the last day Shares traded on the ASX before the announcement of the Entitlement Offer, and a 9.2% discount to the theoretical ex-rights price.<sup>6</sup>

Eligible Retail Shareholders may also apply for Additional New Shares in excess of their Entitlement under the top up offer (**Top Up Offer**) (refer to Section 1.3 of this Retail Offer Document).

The Retail Entitlement Offer will raise approximately A\$254 million. New Shares issued under the Retail Entitlement Offer will rank equally with Existing Shares.

The closing date for the receipt of Application and Entitlement Forms and Application Monies for the Retail Entitlement Offer is 5.00pm (Melbourne time) on Friday, 15 July 2016. If you decide to take this opportunity to increase your investment in the Company please ensure that, before this time, your completed Application and Entitlement Form and your Application Monies are received by the Share Registry, Computershare Investor Services Pty Limited, or you have paid your Application Monies through BPAY® in accordance with the instructions set out in the enclosed Application and Entitlement Form and *Required Actions* section of this Retail Offer Document.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

For further information, I urge you to read the Investor Presentation which is included in this Retail Offer Document and also contains a summary of some of the key risks associated with an investment in the Company.

Further details on the Retail Entitlement Offer are also set out in this Retail Offer Document, which you should read carefully and in its entirety. Additionally, you can call the Share Registry on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (Melbourne time) Monday to Friday.

As you know, my fellow Board members and I are significant shareholders in Mayne Pharma and all of us will be participating in the Entitlement Offer.

On behalf of the Board, I thank you for your continued support as a Shareholder and I commend the Retail Entitlement Offer to you.

Yours sincerely



Roger Corbett, AO, Chairman

<sup>5</sup> As defined in this Retail Offer Document.

<sup>6</sup> The theoretical ex-rights price (**TERP**) is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer and includes the impact of shares issued under the Placement. The TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP.

# Entitlement Offer overview

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## 1. Details of the Entitlement Offer

### 1.1 The Entitlement Offer

The Company is conducting a fully underwritten 1 for 1.725 pro-rata accelerated non-renounceable entitlement offer to Shareholders as at the Record Date in Australia or New Zealand at the Issue Price of A\$1.28 per New Share.

#### *Institutional Entitlement Offer*

On 30 June 2016, the Company announced that it had successfully completed the Institutional Entitlement Offer, raising approximately A\$347 million. Settlement of the Institutional Entitlement Offer is expected to occur on Wednesday, 6 July 2016. Shares to be issued under the Institutional Entitlement Offer are expected to be allotted and commence trading on Thursday, 7 July 2016.

#### *Retail Entitlement Offer*

Each Eligible Retail Shareholder is entitled to subscribe for 1 New Share for every 1.725 Existing Shares held on the Record Date. The Retail Entitlement Offer is non-renounceable. This means that Shareholders who do not take up their Entitlements by 5.00pm (Melbourne time) on the Closing Date of Friday, 15 July 2016, will not receive any payment or value for those Entitlements, and their proportionate equity interest in the Company will be diluted.

The number of New Shares to which you are entitled is shown on the accompanying Application and Entitlement Form. If you have more than one registered holding of shares, you will be sent more than one personalised Application and Entitlement Form and you will have separate Entitlements for each separate holding.

Fractional entitlements to New Shares have been rounded down to the nearest whole number of New Shares.

New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with existing Shares on issue, including in respect of entitlement to dividends. If you take no action you will not be allocated any New Shares and your Entitlement will lapse.

To qualify for the Retail Entitlement Offer, a Shareholder must:

- (a) be registered as a Shareholder at 7.00pm (Melbourne time) on the Record Date;
- (b) have an address in Australia or New Zealand as recorded on the Company's share register as at the Record Date;
- (c) not have received an offer (other than as nominee) under the Institutional Entitlement Offer (and were not treated as an ineligible institutional Shareholder under the Institutional Entitlement Offer);
- (d) not be in the United States and must not be acting for the account or benefit of a person in the United States (to the extent such a person holds securities in Mayne Pharma for the account or benefit of such persons in the United States); and

- (e) be eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus, disclosure document, or any lodgement, filing, registration or qualification,

**(Eligible Retail Shareholder).**

Retail Shareholders who are not Eligible Retail Shareholders are "**Ineligible Retail Shareholders**". Mayne Pharma reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed personalised Application and Entitlement Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Retail Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Mayne Pharma may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional Shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer or to other retail Shareholders (subject to compliance with relevant laws).

By receiving this Retail Offer Document, you will be taken to have acknowledged and agreed that determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Mayne Pharma and each of Mayne Pharma and the Underwriters and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

## **1.2 Purpose of the Entitlement Offer**

The proceeds of the Entitlement Offer will be used to fund:

- cash consideration for the acquisition of the Portfolio;
- costs associated with the transfer of products to Mayne Pharma facilities as well as to new contract manufacturing organisations;
- capital expenditure required to purchase additional equipment and support in-house manufacturing at the Company's facilities in Salisbury (South Australia) and Greenville (North Carolina, USA);
- injection of working capital as no finished goods inventory is acquired as part of the transaction; and
- transaction costs.

Further details regarding the use of funds are set out in the Investor Presentation.

## **1.3 Top Up Offer**

Eligible Retail Shareholders are also able to participate in a further discretionary offer of Additional New Shares, being the New Shares that have been initially offered to Eligible Retail Shareholders under the Retail Entitlement Offer and have not been taken up by them.



In addition:

- (a) the Top Up Offer is only made to Eligible Retail Shareholders who have fully taken up their Entitlements;
- (b) the Top Up Offer is capped at a maximum of 50% of the Eligible Retail Shareholder's Entitlement;
- (c) there is no guarantee that any Application in the Top Up Offer will be successful and the Directors reserve the right to issue any shortfall by way of the Top Up Offer or by other means and reserve the right to satisfy Applications in the Top Up Offer at their sole and complete discretion;
- (d) the Top Up Offer has the same Closing Date;
- (e) the Issue Price of Additional New Shares under the Top Up Offer is the same as the Issue Price, which is A\$1.28 per Additional New Share; and
- (f) the Company will not issue Additional New Shares under the Top Up Offer where to do so would result in a breach of its constitution, the Corporations Act or the ASX Listing Rules.

#### **1.4 Underwriting**

The Entitlement Offer is underwritten by Credit Suisse (Australia) Limited and UBS AG, Australia Branch subject to the terms and conditions of the Underwriting Agreement dated 15 June 2016. Please refer to Section 9 of this Retail Offer Document for further details.

It is important to note that the Underwriters will be acting for and providing services to the Company in relation to the Entitlement Offer and will not be acting for or providing services to Shareholders. The Underwriters have been engaged solely as independent contractors and are acting solely in a contractual relationship on an arm's length basis with the Company. The engagement of the Underwriters by the Company is not intended to create any agency or other relationship between the Underwriters and Shareholders.

#### **1.5 Issue of New Shares**

New Shares under the Retail Entitlement Offer are expected to be issued on or around Friday, 22 July 2016 (subject to variation at the discretion of the Company). Fractional entitlements to New Shares will be rounded down to the nearest whole number of New Shares.

The Company reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or otherwise incorrect or if they fail to provide information to substantiate their claims.

#### **1.6 ASX quotation**

The Company has applied for official quotation of New Shares issued under this Retail Offer Document. If permission for quotation is not granted by ASX, the New Shares will not be issued and Application Monies will be refunded (without interest) as soon as practicable.

#### **1.7 Application Monies**

Until New Shares are issued, the Company will hold the Application Monies in a bank account(s) in Australia. The account(s) will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required.

Any interest accrued on Application Monies will not be paid to the relevant Eligible Retail Shareholder, including if the Retail Entitlement Offer is cancelled or withdrawn.

## 1.8 Market prices for Shares on ASX

The lowest and highest market prices of Shares on ASX during the 3 months immediately preceding the announcement of the Entitlement Offer on 28 June 2016 were A\$1.35 and A\$1.67 respectively. The Issue Price of A\$1.28 per New Share represents a 13.8% discount to the closing price of the Company's Shares on ASX on 27 June 2016, which was the last day Shares traded on the ASX before the announcement of the Entitlement Offer and a 9.2% discount to TERP, the theoretical ex-rights price.

## 1.9 Foreign Shareholders

The New Shares being offered under this Retail Offer Document are being offered to Shareholders with registered addresses in Australia or New Zealand.

The Retail Entitlement Offer will not be offered to Non Eligible Foreign Shareholders. The Company has determined that it is not economically viable for it to make offers to Non Eligible Foreign Shareholders due to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction in which Non Eligible Foreign Shareholders reside. The Company reserves the right in its absolute discretion to offer the Retail Entitlement Offer to a Shareholder with an address in the Company's share register outside Australia or New Zealand if the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable.

This Retail Offer Document does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the New Shares or otherwise permit an offering of New Shares in any jurisdiction outside of Australia or New Zealand.

The distribution of this Retail Offer Document outside Australia or New Zealand may be restricted by law. If you come into possession of this Retail Offer Document, you should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

The Retail Entitlement Offer is not available to Shareholders that are in the United States or who are acting for the account or benefit of, persons in the United States. Neither the Entitlements nor the New Shares offered and sold in the Entitlement Offer have been, nor will be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, entitlements may not be issued to or exercised by, and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities law. The Entitlements and the New Shares offered and sold in the Entitlement Offer may only be offered and sold to persons that are not in the United States and are not acting for the account or benefit of persons in the United States, in each case, in "offshore transactions" in reliance with Regulation S under the U.S. Securities Act.

## 1.10 Nominees and custodians

Due to legal restrictions, nominees and custodians may not send copies of this Retail Offer Document or any material relating to the Retail Entitlement Offer or accept the Retail Entitlement Offer in relation to any person in the United States, or any person who is acting for the account or benefit of a person in the United States, or to any person in any other jurisdiction outside Australia or New Zealand except to beneficial shareholders who are institutional or professional investors in certain foreign countries to the

extent contemplated in the Investor Presentation under the *Foreign selling restrictions* section or as the Company may otherwise permit on compliance with applicable law.

### 1.11 Taxation implications

Shareholders should be aware that there may be taxation implications of participating in the Retail Entitlement Offer and subscribing for New Shares. The taxation consequences of participating in the Retail Entitlement Offer and/or acquiring New Shares may vary depending on the individual circumstances of each Shareholder.

Please refer to Section 8 of this Retail Offer Document for a general discussion of the Australian tax consequences of the Retail Entitlement Offer for Eligible Retail Shareholders resident in Australia and who hold their Shares as capital assets.

Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

### 1.12 Risks

There are a number of risks associated with an investment in the Company which may affect its financial performance, financial position, cash flows, distributions, growth prospects and Share price. The key risk factors are set out in the *Key risks* section of the Investor Presentation included in this Retail Offer Document.

### 1.13 Regular reporting and disclosure

The Company is a disclosing entity for the purposes of the Corporations Act and accordingly is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the market. In particular, the Company has an obligation (subject to certain limited exceptions) to notify ASX once it is, or becomes, aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities. All announcements made by the Company are available from the Company's website [www.maynepharma.com](http://www.maynepharma.com) or ASX's website [www.asx.com.au](http://www.asx.com.au).

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half yearly financial statements accompanied by a directors' statement and report, and an audit or review report. These reports are released to ASX and published on the Company and ASX websites.

### 1.14 Rights and liabilities attaching to New Shares

New Shares issued under this Retail Offer Document will be fully paid ordinary shares in the capital of the Company and will rank equally with all Existing Shares, including for any dividend paid after the date of issue of the New Shares.

The rights and liabilities attaching to Shares are set out in the Company's constitution and are regulated by the Corporations Act, the general law, the ASX Listing Rules and the ASX Settlement Rules. The constitution may only be varied by a special resolution passed by at least 75% of Shareholders present (and entitled to vote).

### 1.15 Disclaimer

No person is authorised to give any information or make any representation in connection with the Retail Entitlement Offer described in this Retail Offer Document, which is not contained in this Retail Offer Document. Any information or representation not contained in this Retail Offer Document may not be relied on as having been authorised by the Company in connection with the Retail Entitlement Offer.

### 1.16 Financial amounts

Money as expressed in this Retail Offer Document is in Australian dollars unless otherwise indicated. Any discrepancies between totals in tables and sums of components in tables in this Retail Offer Document and between those figures and figures referred to in other parts of this document may be due to rounding.

### 1.17 Privacy

Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of your Shares) to be included in the public register of the Company. Information is collected to administer your Shares. Your personal information may be disclosed to the Company. You can obtain access to your personal information by contacting the Share Registry at the address or telephone number listed in the corporate directory. The Share Registry's privacy policy is available on its website [www.computershare.com/au](http://www.computershare.com/au).

### 1.18 Broker Handling Fee

A handling fee of 0.75% of the Application amount (plus GST) of New Shares (subject to a maximum handling fee of \$250) (**Broker Handling Fee**) under the Entitlement Offer will be paid to stockbrokers (being those entities being recognised as full service brokers or non-advisory brokers by ASX) who submit a valid claim for a Broker Handling Fee on successful Applications.

### 1.19 Governing Law

This Retail Offer Document, the Retail Entitlement Offer and the contracts formed on acceptance of the Application and Entitlement Forms are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares and any Additional New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

## 2. Required Actions

### 2.1 Eligible Retail Shareholders – Australia and New Zealand

If you are an Eligible Retail Shareholder you may:

- take up all or part of your Entitlement in accordance with this Retail Offer Document;
- take up all of your Entitlement and also apply for the Top Up Offer; or
- decline to exercise some or all of your Entitlement.

If you are an Eligible Retail Shareholder and wish to take up all or part of your Entitlement:

- (a) read this Retail Offer Document in full;

- (b) consider the risks associated with the Entitlement Offer, as summarised in the *Key risks* section of the Investor Presentation included in this Retail Offer Document, in light of your personal circumstances;
- (c) decide whether to participate in the Retail Entitlement Offer;
- (d) make payment and apply for New Shares by either:

#### **Mail**

Complete the Application and Entitlement Form accompanying this Retail Offer Document in accordance with the instructions set out on the form. If you have not received an Application and Entitlement Form please call the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia); and

return the completed Application and Entitlement Form together with payment in accordance with Section 2.2 of this Retail Offer Document, using the enclosed envelope or to the following address so that it is received by no later than 5.00pm (Melbourne time) on Friday, 15 July 2016 (or such other date as may be determined by the Company):

*Australia & New Zealand* – By mail – postal delivery

Delivery address:           Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne, VICTORIA 3001

Completed Application and Entitlement Forms and Application Monies will not be accepted at the Company's registered office.

or,

#### **BPAY®**

Make payment through BPAY® in accordance with the instructions in this Retail Offer Document on the Application and Entitlement Form.

If you pay by BPAY® you do not need to lodge the Application and Entitlement Form.

A reply paid envelope is enclosed for your convenience. If mailed in Australia, no postage stamp is required. If mailed from New Zealand, correct postage must be affixed. Eligible Retail Shareholders in New Zealand should ensure that their Application and Entitlement Form and Application Monies are mailed early to ensure they arrive at the postal address specified above by 5.00pm (Melbourne time) on Friday, 15 July 2016 (or such other date as may be determined by the Company).

## **2.2 Payment**

The Issue Price of A\$1.28 per New Share is payable on exercise of your Entitlement. For all Australian and New Zealand Eligible Retail Shareholders payments must be received by 5.00pm (Melbourne time) on Friday, 15 July 2016 (or such other date as may be determined by the Company).

Shareholders should be aware of the time required to process payments by cheque, electronic funds transfer and BPAY® in choosing the appropriate application and payment method.

Payment will only be accepted in Australian currency and must be:

- by cheque, money order or bank draft drawn on an Australian financial institution, made payable to Mayne Pharma Group – Retail Offer and crossed Not Negotiable; or
- through the BPAY® facility according to the instructions set out on the Application and Entitlement Form.

Cash will not be accepted. Receipts for payment will not be issued. If you provide insufficient funds to meet the Application Monies due to take up all or part of your Entitlement, you may be taken by the Company to have applied for such lower number of New Shares as your cleared Application Monies will pay, or your Application may be rejected.

Any Excess Amount may be treated as an Application to apply for Additional New Shares under the Top Up Offer to the value of your Excess Amount. Your Application for the Additional New Shares may not be successful (wholly or partially). Any surplus Application Monies received for more than your final allocation of any Additional New Shares will be refunded (only where the amount is A\$5.00 or greater). You are not entitled to any interest that accrues on any Application Monies received or returned (wholly or partially).

#### *Eligible Retail Shareholders may pay through BPAY®*

Australian Eligible Retail Shareholders and New Zealand Eligible Retail Shareholders with an Australian bank account may pay through BPAY®. Payment by BPAY® should be made in accordance with the instructions set out in the Application and Entitlement Form using the reference number shown on that form and must be received by no later than 5.00pm (Melbourne time) on Friday, 15 July 2016 (or such other date as may be determined by the Company). Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment. Applicants should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

The reference number is used to identify your holding. If you have multiple holdings you will also have multiple reference numbers. You must use the reference number shown on each Application and Entitlement Form to pay for each holding separately. If you pay by BPAY® and do not pay for your full Entitlement, your remaining Entitlements will lapse.

If you make your payment by BPAY® you do not need to lodge the Application and Entitlement Form.

Your completed Application and Entitlement Form or BPAY® acceptance, once received by the Share Registry, cannot be withdrawn.

## **2.3 Applying for additional shares under Top Up Offer**

If you have applied for your full Entitlement, you may wish to apply for more Shares than the number shown on your Application and Entitlement Form under the Top Up Offer. To do this, complete the *Additional New Shares* section provided on the Application and Entitlement Form.

If you are applying by BPAY® and wish to apply for Additional New Shares under the Top Up Offer, make a payment for more than your Entitlement. The Excess Amount will be taken to be an application for Additional New Shares under the Top Up Offer.

Applications for Additional New Shares under the Top Up Offer may be considered if and to the extent that not all Shareholders take up their full Entitlement. Applications for Additional New Shares under the Top Up Offer will be capped at 50% of an Eligible Retail Shareholder's Entitlement and will be issued to Eligible Retail Shareholders at the sole and complete discretion of the Directors. There is no guarantee that any Applications under the Top Up Offer will be successful.



## 2.4 Declining all or part of your Entitlement

If you decide not to take up all or part of your Entitlement, the Entitlement which is unexercised will lapse and may be taken up by other Eligible Retail Shareholders under the Top Up Offer or the Underwriters (or by persons they nominate). Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and cannot be traded on the ASX nor any other financial markets, nor can it be privately transferred. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you decide not to participate in the Retail Entitlement Offer, you do not need to fill out or return the accompanying Application and Entitlement Form. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

## 2.5 Non Eligible Foreign Shareholders

If you are a Non Eligible Foreign Shareholder, you may not take up any of, or do anything in relation to, your Entitlement under the Retail Entitlement Offer.

## 2.6 Warranties made on acceptance of Retail Entitlement Offer

By completing and returning your personalised Application and Entitlement Form or making a payment by BPAY®, you will be deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting, are an Eligible Retail Shareholder or otherwise eligible to participate.

By completing and returning your personalised Application and Entitlement Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you and each person on whose account you are acting are not in the United States and you are not acting for the account or benefit of a person in the United States, and are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares and any Additional New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- (b) you understand that the Entitlements and the New Shares and any Additional New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand. Notwithstanding the foregoing, the Entitlements and the New Shares and any Additional New Shares may not be taken up by persons who are, or are acting for the account or benefit of, a person in the United States. Neither the New Shares nor any Additional New Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction in the United States; and
- (c) you are subscribing for or purchasing Entitlements or New Shares in an “offshore transaction” (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act;
- (d) you and each person on whose account you are acting have not and will not send any materials, or copies thereof, relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;

- (e) you acknowledge that you have read and understand this Retail Offer Document and your Application and Entitlement Form in their entirety;
- (f) you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Document, and the Company's constitution;
- (g) you authorise the Company to register you as the holder(s) of New Shares allotted to you;
- (h) you declare that all details and statements in your Application and Entitlement Form are complete and accurate;
- (i) you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your Application and Entitlement Form;
- (j) you acknowledge that after the Company receives your Application and Entitlement Form or any payment of Application Monies through BPAY®, you may not withdraw your Application or funds provided except as allowed by law;
- (k) you agree to apply for and be issued up to the number of New Shares specified in the Application and Entitlement Form, or for which you have submitted payment of any Application Monies through BPAY®, at the Issue Price;
- (l) you authorise the Company, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry on using the contact details set out in your Application and Entitlement Form;
- (m) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on your Application and Entitlement Form as being held by you on the Record Date;
- (n) you acknowledge that the information contained in this Retail Offer Document and your Application and Entitlement Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (o) you acknowledge that this Retail Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (p) you acknowledge the statement of risks in the *Key risks* section of the Company's Investor Presentation included in this Retail Offer Document, and that investments in the Company are subject to risk;
- (q) you acknowledge that none of the Company, the Underwriters, nor their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (r) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- (s) you authorise the Company to correct any errors in your Application and Entitlement Form or other form provided by you;
- (t) you represent and warrant (for the benefit of the Company, the Underwriters and their respective related bodies corporate and affiliates) that you did not receive an invitation to

participate in the Institutional Entitlement Offer either directly or through a nominee, are an Eligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;

- (u) you represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Document and your Application and Entitlement Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- (v) if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular way transactions on the ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for the account or benefit of a person in the United States; and
- (w) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application and Entitlement Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Document, the Application and Entitlement Form or any information relating to the Retail Entitlement Offer to any such person.

## 2.7 Refunds

Any Application Monies received for more than your final allocation of New Shares and any Additional New Shares will be refunded as soon as practicable after the Closing Date (except where the amount is less than A\$5.00). No interest will be paid to Applicants on any Application Monies received or refunded.

## 2.8 Withdrawals

You cannot, in most circumstances, withdraw your Application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares and any Additional New Shares.

## 2.9 Confirmation of your Application and managing your holding

You may access information on your holding, including your Record Date balance and the issue of New Shares and any Additional New Shares from this Retail Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the Share Registry website, [www.computershare.com/investor](http://www.computershare.com/investor). To access the Investor Centre section of this website you will need your SRN or HIN and you will need to pass the security challenge on the site.

# ASX Announcements



## ASX Announcement

### MAYNE PHARMA ANNOUNCES ACQUISITION OF US GENERIC PRODUCT PORTFOLIO FROM TEVA AND ALLERGAN

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

28 June 2016, Adelaide, South Australia

- Mayne Pharma Group Limited ("Mayne Pharma") has entered into an agreement to acquire 37 approved and 5 FDA filed products from Teva Pharmaceutical Industries Limited ("Teva") and Allergan plc ("Allergan") for cash consideration of US\$652m. The acquisition price represents less than 6 times projected FY17 EBITDA for the acquired portfolio<sup>1</sup>
- The acquisition significantly transforms the scope and breadth of Mayne Pharma's US generics division and is expected to propel Mayne Pharma into the top 25 retail generic pharmaceutical companies and the top 2 in the generic oral contraceptives market in the United States<sup>2</sup>
- The acquisition substantially increases and diversifies Mayne Pharma's earnings across more products, therapeutic areas, dosage forms and complex technologies, and builds upon Mayne Pharma's expertise in modified-release, potent compounds and controlled substances
- The acquired portfolio is expected to contribute sales of US\$237m in FY17 with gross margins greater than 50%
- Expected to be very significantly accretive to reported and cash earnings per share (pre synergies) in FY17<sup>3</sup>
- Mayne Pharma will fund the acquisition via an extension of its existing debt facility, and a fully underwritten A\$601m 1-for-1.725 accelerated non-renounceable entitlement offer and A\$287m placement

#### Acquisition of US generic product portfolio from Teva

Mayne Pharma is pleased to announce that it has entered into a binding agreement to acquire a portfolio of US generic products ("Portfolio") from Teva and Allergan for cash consideration of US\$652m. The Portfolio consists of 37 approved products and 5 FDA filed products in attractive markets with limited competition, across a range of therapeutic areas.

<sup>1</sup> Price excludes transaction costs and additional investment of A\$120m required for capital expenditure, technology transfer and working capital.

<sup>2</sup> IMS Health MAT gross sales April 2016, adjusted for recent acquisitions.

<sup>3</sup> Excludes transaction costs. Cash EPS excludes the impact of the amortisation associated with identified intangibles recognised at the acquisition date as well as other certain non-cash adjustments.



## ASX Announcement

The Portfolio aligns strongly with Mayne Pharma's core competency in complex pharmaceutical formulations and includes difficult to manufacture modified-release tablets and capsules, soft-gel capsules and transdermal patches.

The divestiture by Teva has been mandated by the US Federal Trade Commission ("FTC") in connection with Teva's proposed acquisition of Allergan's generic drug business. Completion of Mayne Pharma's acquisition is expected to be concurrent with the closing of Teva's acquisition and is subject to the FTC approving that transaction and Mayne Pharma's acquisition of the Portfolio.

### Rationale for the acquisition

Mayne Pharma's CEO, Mr Scott Richards, said "The acquisition transforms Mayne Pharma's Generic Products Division into a top 25 player in the US retail generics market, diversifying Mayne Pharma's earnings across a broad range of products, therapeutic areas and technologies. This attractive Portfolio spans multiple dosage forms and complements our expertise in higher-value, niche and differentiated products. The on-market products have strong shares in stable, mature markets, while the pipeline products are expected to deliver additional growth in attractive markets as they are launched over the next couple of years."

The transaction is expected to create multiple opportunities for further growth through leveraging existing relationships with customers and suppliers. Stronger and deeper relationships with customers will drive incremental portfolio selling opportunities for existing marketed products. The expanded supply chain network of active pharmaceutical ingredient ("API") providers and contract manufacturing organisations ("CMOs") is also expected to unlock new portfolio and pipeline opportunities.

This Portfolio will strongly complement Mayne Pharma's existing generic portfolio and lead to greater operational efficiencies due to economies of scale. Up to eleven of the acquired products will be transferred into Mayne Pharma's commercial manufacturing facilities in Greenville, North Carolina and Salisbury, South Australia. This will accelerate the utilisation of existing and previously announced expansions to manufacturing capacity, and enable additional margin to be captured over time, improving overhead recovery and the return on recent capital invested to expand these facilities.

The acquired Portfolio is expected to add more than US\$237m to Mayne Pharma's FY17 net sales with gross margins greater than 50%. The transaction is expected to be very significantly accretive to earnings per share (on both a cash and reported basis, excluding synergies) in FY17.

Mayne Pharma has been working closely with Teva and the FTC since December 2015 and has established supply agreements with Teva for the manufacture of certain products not currently outsourced to CMOs for up to five years. Following completion, execution risk will be mitigated by the FTC's on-going monitoring of compliance with a public Consent Order issued by the FTC, which aims to ensure market competitiveness. Typical obligations in a Consent Order include requirements for the seller to prioritise the supply of products to Mayne Pharma over products for its own use, provide certain transitional services and take all necessary actions to maintain economic viability and marketability of the divested products until they are transferred.



## ASX Announcement

### Funding the acquisition

Mayne Pharma will fund the acquisition via:

- a fully underwritten approximately A\$888m equity raising comprising:
  - an accelerated non-renounceable entitlement offer (“Entitlement Offer”) to raise approximately A\$601m
  - a placement (“Placement”) to raise approximately A\$287m; and
- an extension of Mayne Pharma’s existing debt facilities secured in June 2015. The facility is a flexible dual currency facility which is used to fund Mayne Pharma’s global operations and comprises:
  - US\$150m, 3 year amortising facility
  - US\$250m, 5 year “bullet” facility
  - A\$10m and US\$20m working capital facility

The proceeds of the capital raising and debt facility will be used to fund:

- the acquisition of the Portfolio
- costs associated with the transfer of products to Mayne Pharma facilities as well as to new CMOs
- capital expenditure required to purchase additional equipment and support in-house manufacturing at Salisbury and Greenville
- injection of working capital as no finished good inventory is acquired as part of the transaction
- transaction costs

Shares offered under the Entitlement Offer (“New Shares”) will be issued at a price of A\$1.28 per New Share<sup>4</sup> (“Offer Price”), representing a 9.2% discount to the theoretical ex-raising price (“TERP”) based on the closing price of Mayne Pharma’s shares on 27 June 2016.<sup>5</sup> Shares issued under the Placement will be issued at \$1.50 per New Share.

The new ordinary shares will rank equally with existing ordinary shares. New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

Further details on the Entitlement Offer are included in Appendix A.

### Further information

Shareholders are advised to refer to the “Acquisition of U.S. generic product portfolio from Teva and Allergan” presentation released to the ASX this morning (28 June 2016) for further detail on the acquisition of the Portfolio, the Entitlement Offer and an update on Mayne Pharma’s current trading.

<sup>4</sup> Entitlements not taken up in the Institutional Entitlement Offer will be offered for sale at the Placement price in a bookbuild.

<sup>5</sup> The closing price on 27 June 2016 was \$1.485 per share. TERP is the theoretical price at which shares in Mayne Pharma should trade immediately after the ex-date of the Entitlement Offer and reflects shares issued under the Entitlement Offer. The actual price at which Mayne Pharma shares trade will depend on many factors and may not be equal to TERP.





## ASX Announcement

For further information contact:

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## ASX Announcement

## Appendix A

## The Entitlement Offer

The equity raising includes a fully underwritten pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$601m, comprised of an offer to eligible institutional shareholders ("Institutional Entitlement Offer") and an offer to eligible retail shareholders ("Retail Entitlement Offer"). Eligible shareholders are invited to subscribe for 1 new Mayne Pharma fully paid ordinary share for every 1.725 existing Mayne Pharma fully paid ordinary shares held as at 7pm (Melbourne time) on 30 June 2016 ("Record Date").

All shares offered under the Entitlement Offer will be issued at a price of A\$1.28 per New Share<sup>6</sup>, representing a 9.2% discount to TERP based on the closing price of Mayne Pharma's shares on 27 June 2016.

Each New Share issued under the Entitlement Offer will rank equally with existing Mayne Pharma shares. New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on the ASX or be otherwise transferable. Shareholders who do not take up their full entitlement will not receive any payment or value in respect of entitlements they do not take up and their percentage equity interest in Mayne Pharma will be diluted.

## Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer. The Institutional Entitlement Offer will open today, 28 June 2016.

Eligible institutional shareholders can choose to take up their entitlement in whole, in part or not at all. In addition, under the Institutional Entitlement Offer, New Shares equal in number to those attributable to entitlements not taken up by eligible institutional shareholders, together with New Shares attributable to entitlements which would otherwise have been offered to institutional shareholders in ineligible jurisdictions will be offered to institutional shareholders through a bookbuild.

## Retail Entitlement Offer

Every Mayne Pharma retail shareholder registered as a shareholder in Australia or New Zealand on the Record Date ("Eligible Retail Shareholders") will be entitled to participate in the Retail Entitlement Offer on the terms and subject to conditions set out in the booklet to be sent to Eligible Retail Shareholders in relation to the Retail Entitlement Offer ("Retail Offer Document"). The Retail Entitlement Offer will open on 4 July 2016 and close at 5.00 pm (Melbourne time) on 15 July 2016.

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<sup>6</sup> Entitlements not taken up in the Institutional Entitlement Offer will be offered for sale at the Placement price in a bookbuild.



## ASX Announcement

Eligible Retail Shareholders can choose to take up their entitlements in whole, in part or not at all. Eligible Retail Shareholders who take up their entitlement in full can also apply for additional New Shares in excess of their entitlement ("Top Up Offer") capped at 50% of their entitlement. Eligible Retail Shareholders are not assured of being allocated any New Shares in excess of their entitlement under the Top Up Offer. The issue of New Shares in excess of entitlements under the Top Up Offer is dependent on the availability of renounced shares. Mayne Pharma retains final discretion regarding allocations under the Top Up Offer.

The Retail Offer Document (including the "Acquisition of U.S. generic product portfolio from Teva and Allergan" presentation) is to be lodged with ASX on 30 June 2016 and dispatched to Eligible Retail Shareholders on 5 July 2016. Any Eligible Retail Shareholder who wishes to acquire New Shares under the Retail Entitlement Offer should review the Retail Offer Document and will then need to complete, or otherwise apply in accordance with, the personalised application and entitlement form that will accompany the Retail Offer Document.

Retail shareholders who have questions regarding the Retail Entitlement Offer should read the Retail Offer Document in full and if they require further information, call the Company's share registry, Computershare Investor Services Pty Limited, on 1300 850 505 (local call cost within Australia) or +61 3 9415 4000 (from outside Australia) at any time from 8.30am to 5.00pm (Melbourne time) Monday to Friday during the offer period between 4 July 2016 and 15 July 2016 or go to Mayne Pharma's website.

### Placement

All shares offered under the Placement will be issued at a price of A\$1.50 per New Share. Each New Share issued under the Placement will rank equally with existing Mayne Pharma shares in all respects. New Shares issued under the Placement do not have rights in the Entitlement Offer.



## ASX Announcement

### Summary of Key Dates<sup>7</sup>

Trading halt and announcement of acquisition and Entitlement Offer	Tue, 28 Jun 2016
Institutional Entitlement Offer opens	Tue, 28 Jun 2016
Institutional Entitlement Offer <sup>8</sup> closes and bookbuild for Placement shares and institutional shortfall	Wed, 29 Jun 2016
Mayne Pharma shares recommence trading	Thu, 30 Jun 2016
Entitlement Offer record date (7pm Melbourne time)	Thu, 30 Jun 2016
Retail Entitlement Offer opens	Mon, 04 Jul 2016
Retail Offer Booklet and Application and Entitlement Forms dispatched to Eligible Retail Shareholders	Tue, 05 Jul 2016
Settlement of New Shares issued under Institutional Entitlement Offer and Placement	Wed, 06 Jul 2016
Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer and Placement	Thu, 07 Jul 2016
Retail Entitlement Offer closes (5pm Melbourne time)	Fri, 15 Jul 2016
Settlement of New Shares issued under the Retail Entitlement Offer	Thu, 21 Jul 2016
Allotment of New Shares issued under the Retail Entitlement Offer	Fri, 22 Jul 2016

### About Mayne Pharma

*Mayne Pharma is an ASX-listed specialty pharmaceutical company that develops and manufactures branded and generic product globally - either directly or through distribution partners, while applying its drug delivery expertise for contract development and manufacturing services.*

*Mayne Pharma has a 30-year track record of innovation and success in developing new oral drug delivery systems and these technologies have been successfully commercialised in numerous products that have been marketed around the world.*

*Mayne Pharma has two drug development and manufacturing facilities based in Salisbury, South Australia, Australia and Greenville, North Carolina, USA with expertise in formulating complex oral dose forms including highly potent compounds, controlled substances, modified release products and inherently unstable compounds.*

<sup>7</sup> These dates are indicative only and subject to change. All times and dates refer to Melbourne, Australia time. Mayne Pharma reserves the right to amend the timetable, including, in consultation with the Underwriters, to extend the closing date for the Retail Entitlement Offer, to withdraw the Entitlement Offer at any time prior to the issue of New Shares and/or to accept late applications either generally or in specific cases.

<sup>8</sup> Shareholding declaration for Australian, New Zealand and Asian institutional holders due 4pm Melbourne time on 28 June 2016, shareholding declarations due for other offshore institutional holders due 7am Melbourne time on 29 June 2016.



## ASX Announcement

### Underwriters and legal advisors

*The Entitlement Offer and Placement are fully underwritten. Legal advisors were K&L Gates LLP in New York (M&A and FTC) and Minter Ellison in Melbourne (equity, finance and local counsel).*

### NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

### Forward looking statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements should, or can generally, be identified by the use of forward looking words such as "believe", "expect", "estimate", "will", "may", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the expected outcome of the acquisition of products from Teva and Allergan. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of Mayne Pharma and cannot be predicted by Mayne Pharma and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Mayne Pharma operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

None of Mayne Pharma or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Statements about past performance are not necessarily indicative of future performance.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS**

30 June 2016

Manager, Company Announcements  
ASX Limited  
Rialto Towers  
Level 4, 525 Collins Street  
MELBOURNE VIC 3000

Dear Sir / Madam

**MAYNE PHARMA GROUP LIMITED ANNOUNCES SUCCESSFUL COMPLETION OF INSTITUTIONAL ENTITLEMENT OFFER AND PLACEMENT****KEY POINTS**

- Fully underwritten Institutional Entitlement Offer and Placement successfully completed, raising approximately A\$634 million
- Overwhelmingly strong support shown by both existing and new institutional shareholders
- Retail Entitlement Offer opens on 4 July 2016

On 28 June 2016, Mayne Pharma Group Limited (ASX: MYX) (**Mayne Pharma**) announced an approximately A\$888 million equity raising (the **Offer**) to fund the acquisition of 37 approved and 5 FDA filed products from Teva Pharmaceutical Industries Limited and Allergan plc.

The Offer is comprised of an underwritten 1 for 1.725 pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$601 million (the **Entitlement Offer**), and a placement to institutional and sophisticated investors to raise approximately A\$287 million (the **Placement**). Approximately 661m new shares will be issued under the Offer (**New Shares**).

Today, Mayne Pharma is pleased to announce the successful completion of the institutional component of the Entitlement Offer (the **Institutional Entitlement Offer**) and the Placement. Approximately A\$347 million was raised under the Institutional Entitlement Offer at an offer price of \$1.28 per New Share with approximately 99.9% take-up by eligible institutional shareholders.

The Placement attracted significant demand, with the Bookbuild multiple times covered, raising A\$287 million at a price of \$1.50 per New Share.

Commenting on the outcome of the Institutional Entitlement Offer and Placement, Mayne Pharma's CEO, Scott Richards, said, "We are delighted with the exceptional support that our existing shareholders and new investors have shown. This acquisition is another significant step forward in the execution of our strategy to strengthen and grow our business in the world's largest pharmaceutical market. This highly attractive and complementary on-market portfolio of products is expected to provide a stable base of revenue and earnings with growth to come from a combination of the launch of pipeline products and the extraction of revenue and cost synergies over time."

The New Shares to be issued under the Institutional Entitlement Offer and Placement will rank equally with existing Mayne Pharma shares in all respects from the date of their issue. Settlement of New Shares is expected to complete on 6 July 2016 and these shares are expected to be issued and commence trading on the ASX on a normal settlement basis on 7 July 2016.



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[maynepharma.com](http://maynepharma.com)

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Level 1, 99 King Street, Melbourne, VIC 3000 Australia





You deserve tomorrow.

**COMMENCEMENT OF THE RETAIL ENTITLEMENT OFFER**

The retail component of the Entitlement Offer (the **Retail Entitlement Offer**) will open on 4 July 2016 and closes at 5pm (Melbourne time) 15 July 2016. Mayne Pharma retail shareholders registered as a shareholder in Australia or New Zealand as at 7pm (Melbourne time) on 30 June 2016 (**Eligible Retail Shareholders**) will have the opportunity to participate at the same offer price of A\$1.28 per New Share and at the same offer ratio of 1 new Mayne Pharma ordinary share for every 1.725 existing Mayne Pharma ordinary shares as participants in the Institutional Entitlement Offer.

Further details of the Retail Entitlement Offer were set out in Mayne Pharma's announcement on 28 June 2016 and the terms and conditions will be fully set out in the retail offer document to be dispatched to Eligible Retail Shareholders on 5 July 2016.

Mayne Pharma expects its trading halt to be lifted and Mayne Pharma ordinary shares to recommence trading on an ex-entitlement basis from market open today.

Yours sincerely



Mark Cansdale  
Group CFO & Company Secretary

**IMPORTANT NOTICES**

Further information in relation to the matters described in this announcement including important notices, key risks and assumptions in relation to certain forward looking information in this announcement is set out in an investor presentation released to the ASX on 28 June 2016 by Mayne Pharma. The information in the Important Information and Key Risks sections of that presentation applies to this announcement as if set out in full in this announcement.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. persons (as defined in Rule 902(k) under the U.S. Securities Act of 1933 (the U.S. Securities Act)) (**U.S. Persons**). Neither the entitlements nor the new shares have been, and none of them will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. In addition, Mayne Pharma has not been, and will not be, registered under the U.S. Investment Company Act of 1940, as amended (the **U.S. Investment Company Act**) in reliance on the exception from the definition of investment company provided by section 3(c)(7) of the U.S. Investment Company Act. The entitlements in the Retail Entitlement Offer may only be taken up by, and the new shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold to, directly or indirectly, persons that are not in the United States and are not, and are not acting for the account or benefit of any U.S. Persons in offshore transactions (as defined in Regulation S under U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

Neither this announcement nor any other documents relating to the offer of new shares may be sent or distributed to persons in the United States or to any U.S. Person.


# Investor Presentation



**Acquisition of U.S. generic product portfolio from Teva and Allergan**

Mayne Pharma Group Limited  
28 June 2016

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## Executive summary

**Agreement to acquire a portfolio of generic products ("Acquired Portfolio") from Teva Pharmaceutical Industries Limited ("Teva") and Allergan plc ("Allergan") for US\$652m**

### Acquisition overview

- Mayne Pharma has executed a binding agreement to acquire a portfolio of generic products for US\$652m<sup>1</sup>
  - acquisition of US rights to manufacture and market the products within the Acquired Portfolio
  - consideration payable in cash on completion – expected late July 2016
- Divestiture of the Acquired Portfolio mandated by the US Federal Trade Commission ("FTC") as part of Teva's proposed US\$40.5b acquisition of Allergan's generic drug business
- Mayne Pharma selected as the preferred purchaser in January 2016, partly based on its operational capabilities and no product overlap
- Completion of the acquisition is subject to the FTC approving Teva's proposed acquisition of Allergan's generic drug business

### Overview of the Acquired Portfolio

- The Acquired Portfolio comprises 37 approved products and 5 US Food and Drug Administration ("FDA") filed products, across a range of therapeutic areas
  - focus on oral contraceptives ("OCs"), Central Nervous System ("CNS") and cardiovascular products
- Well established portfolio with high market shares in stable markets
  - 59% of the approved products have 2 or less generic competitors
- Under Mayne Pharma ownership, the Acquired Portfolio is expected to achieve FY17 net sales of at least US\$237m, with gross margins greater than 50%<sup>2</sup>

### Well developed integration plans

- Mayne Pharma has detailed product transfer plans and supply agreements in place
  - demonstrated capacity to provide ongoing supply was critical to the FTC's approval of Mayne Pharma as the preferred purchaser
- Manufacture of up to 11 products is expected to be transferred over time to Mayne Pharma's facilities in Greenville (North Carolina, USA) and Salisbury (South Australia). Other products to be transferred to, or will remain with, contract manufacturing organisations ("CMOs")
- Mayne Pharma has expanded its leadership and operational team to support key functional areas
  - acquisition expected to provide significant operating leverage across combined portfolio (incremental operating expenses of ~2% of Acquired Portfolio net sales in FY17)

### Acquisition funding and earnings

- A\$888m equity raising via a fully underwritten 1-for-1.725 accelerated non-renounceable entitlement offer and placement
- US\$107m financed through an underwritten increase in existing debt facilities
- Expected to be very significantly earnings per share ("EPS") accretive to reported and cash EPS (pre synergies) in FY17<sup>3</sup>
- Mayne Pharma (pre-acquisition) expects to generate FY16 underlying EBITDA<sup>4</sup> in the range of A\$86m – A\$88m<sup>4</sup>

(1) Price excludes transaction costs and additional investment of A\$120m required for capital expenditure, technology transfer and working capital.

(2) Management forecasts and assumes 12 months contribution from the acquisition.

(3) Excludes transaction costs. Cash EPS excludes the impact of the amortisation associated with identified intangibles recognised at the acquisition date as well as other certain non-cash adjustments.

(4) Forecast results are unaudited and subject to change.

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## Compelling strategic rationale

1

Attractive portfolio of products

- Majority of the Acquired Portfolio products have leading market shares in well established and stable markets
- Diversified portfolio – largest product represents 12% and top 5 represent 43% of last twelve months ("LTM") Mar-16 net sales
  - greater earnings diversification with Doryx® expected to represent <15% of Mayne Pharma's pro-forma net sales in FY17
- Leverages Mayne Pharma's existing expertise in oral dose potent and controlled-release products
- Attractive pipeline of late stage products expected to drive revenue growth

2

Leverages existing manufacturing capability and extends supply chain network

- The acquisition will increase utilisation of Mayne Pharma's existing manufacturing capacity, including the expansion currently being undertaken at Greenville and Salisbury
  - will also enable capture of manufacturing margin for products Mayne Pharma will manufacture and drive greater fixed overhead recovery
- Network of CMOs in place to manufacture hormonal, transdermal and other products not brought in-house, providing new supply chain relationships

3

Increased scale and growth opportunities for Mayne Pharma's generic business

- Mayne Pharma's Generic Products Division is forecast to become a top 25 US retail generic market participant and a top 2 player in the US generic OC market<sup>(1)</sup>
- Increased scale, brand awareness and access to active pharmaceutical ingredients ("API") / finished products will drive new growth opportunities including future branded and generic in-licensing opportunities and new pipeline products

4

Potential for synergies over the mid-longer term

- Incremental portfolio selling opportunities across Mayne Pharma's existing products from improved relationships with wholesaler chains and retail drug store chains
- Improved access to other channels (e.g. hospitals, universities and government) through the combined product portfolio following the acquisition
- Expected cost synergies from optimisation of CMO network

5

FTC-mandated disposal reduces execution risk

- Execution risk is mitigated by the FTC's ongoing monitoring of compliance with the proposed public Consent Order. This is an order to be issued by the FTC at the same time as it would approve Teva's acquisition of Allergan's generic drug business, to ensure market competitiveness

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Attractive acquisition economics

- Opportunity to acquire a large scale generic portfolio under unique circumstances
- Acquisition price<sup>(2)</sup> of 2.8x FY17 net sales expected from Acquired Portfolio
- Acquisition price<sup>(2)</sup> of less than 6.0x FY17 EBITDA expected from Acquired Portfolio

(1) IMS Health: moving annual total ("MAT") gross sales Apr-16, adjusted for recent acquisitions.

(2) Price excludes transaction costs and additional investment of A\$120m required for capital expenditure, technology transfer and working capital.

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## Overview of the Acquired Portfolio

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## Diversified and stable portfolio

- 37 approved products
  - 21 hormone/OC products comprise 49% of LTM Mar-16 net sales
  - largest individual product represents 12% of LTM Mar-16 net sales
- The Acquired Portfolio is well established with products operating in mature and stable markets
  - on-market products target US markets with ~US\$1.6 billion in IMS Health sales<sup>1</sup>
- Most products in the Acquired Portfolio have leading market shares and are offered in markets with limited competition
  - 59% of approved products have 2 or less generic competitors and 84% have 4 or less generic competitors<sup>2</sup>

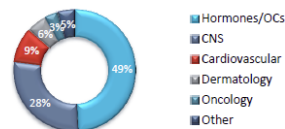
### Summary of on-market Acquired Portfolio

Product	Market size <sup>1</sup> (US\$m)	Market position <sup>2</sup>	# of generic competitors (excludes acquired product)
Product 1	100	#1	2
Product 2	130	#2	2
Product 3	100	#1	3
Product 4	100	#1	5
Product 5	60	#2	2
Other	1,130	-	≤5
<b>Total</b>	<b>1,620</b>	<b>-</b>	<b>≤5</b>

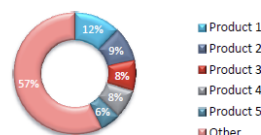
Note: Whilst net sales numbers have been subject to review by an external advisor, they have not been audited.  
 (1) IMS Health: MAT gross sales Apr-16.  
 (2) Based on IMS Health NSP units for Apr-16 quarter.

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### Acquired Portfolio net sales by therapeutic area LTM Mar-16



### Acquired Portfolio net sales by product LTM Mar-16

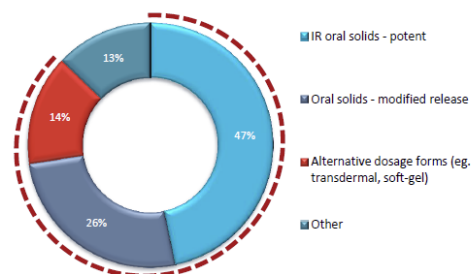


## Complementary portfolio with a focus on complex formulations

- The Acquired Portfolio is expected to build on existing expertise in oral potent and controlled-release products
- In 1H FY16, Mayne Pharma has directed more than 75% of its R&D investment to the development of complex formulations
- Products requiring greater manufacturing complexity typically achieve higher gross margins given the technological barriers to manufacture
- It is estimated that 60%-90% of new products entering development today will require complex formulation technologies

Dosage form	Acquired Portfolio		Mayne Pharma US	
	Approved	Pipeline	Approved	Pipeline
<b>Oral products</b>				
Potent	23	2	2	6
Controlled substance	4	2	6	10
Modified-release	3	2	2	12
Buccal	-	1	-	-
Soft gel	1	-	-	-
<b>Other product forms</b>				
Semi-solid	1	-	-	2
Transdermal patch	1	-	-	-

### Mayne Pharma pro-forma 1H FY16 Generic Products Division ("GPD") Net Sales<sup>1</sup>



Complex formulations will represent 87% of the Pro-forma Mayne Pharma GPD revenue

**Following the transaction, Mayne Pharma's Generic Products Division will be focused on higher margin complex formulations**

(1) Pro-forma GPD net sales includes Mayne Pharma GPD net sales and Acquired Portfolio net sales.

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## Attractive pipeline expected to drive future growth

- The Acquired Portfolio includes 6 pipeline products targeting markets with IMS Health sales > US\$700m<sup>(1)</sup>
  - 1 product has recently received FDA approval and due to launch in 1H FY17
  - 5 products pending with FDA
- Majority of the Acquired Portfolio pipeline products are expected to launch within next 2 years
- The Acquired Portfolio pipeline products are technically challenging to manufacture (requiring either complex bioequivalence studies and/or complex API sourcing) and accordingly have low levels of competition
  - 2 x modified release
  - 2 x hormone / OC
  - 1 x buccal
  - 2 x controlled substance

Product	Market size (US\$m) <sup>(1)</sup>	# of generic competitors	Expected launch	Status
Product 1	~340	3	1H FY17	FDA approved
Product 2	~140	3	1H FY17	Filed with FDA
Product 3	~10	0	2H FY17	Filed with FDA
Product 4	~20	0	FY18	Filed with FDA
Product 5	~170	0	FY18	Filed with FDA
Product 6	~30	0	Pill pending <sup>(2)</sup>	Filed with FDA

**Pipeline products acquired as part of the Acquired Portfolio are expected to drive growth into FY18**

(1) IMS Health: MAT gross sales Apr-16.  
(2) Paragraph III ("Pill") indicates that the FDA should not approve the abbreviated new drug application ("ANDA") until after the date the last patent expires.

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## Leverages Mayne Pharma's existing manufacturing capability and broadens supply chain network

### Increased utilisation of Mayne Pharma's existing manufacturing capacity

- Manufacture of up to 11 products expected to begin transfer to Salisbury and Greenville from closing of acquisition
- Enhances return on capital invested in Mayne Pharma's manufacturing base
  - enables capture of manufacturing margin
  - drives meaningful capacity utilisation 'day 1' to new Greenville facility with improved overhead recovery
- Additional capex of A\$36m to support in-house manufacture at Salisbury and Greenville
  - includes additional facility upgrades, new equipment and tooling

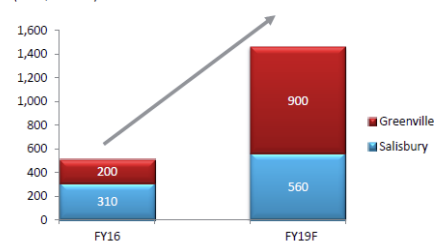
### Broadens Mayne Pharma's supply chain network and relationships

- Manufacture of remaining products will be outsourced to existing and new CMOs
- New supply relationships have already driven new pipeline partnership opportunities

### Tech-transfer costs

- Tech-transfer costs estimated at A\$21m to support in-house manufacture at Salisbury and Greenville as well as transferring to new CMOs
  - covers clinical studies, regulatory submission fees and API costs

### Forecast manufacturing oral solid volumes<sup>(1)</sup> (Units, millions)



### New API / CMO relationships



(1) Based on company information and management forecasts. FY19F assumes products have been transferred into Mayne Pharma's manufacturing facilities.

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## Enhanced scale expected to drive future growth opportunities for Mayne Pharma

### Increase in scale post completion of acquisition

- The acquisition positions Mayne Pharma as a significant participant in the US retail generic market
  - forecast top 25 participant in the retail generic market<sup>1</sup>
  - forecast top 2 participant in the attractive oral contraceptives market<sup>1</sup>
- On-market generic portfolio to increase from 22 to 58 products
- Pipeline to increase to 40+ products targeting US markets with end sales >US\$7bn<sup>1</sup>
  - Includes 17 products pending FDA approval

### Key benefits

- Acquisition will provide a platform for new portfolio and pipeline product opportunities from:
  - expanded access to APIs and CMO network
  - increased brand awareness and credibility in the US generic market
- Simplifies Mayne Pharma's participation in future mandated divestitures with the FTC

### Libertas case study

In July 2013, Mayne Pharma acquired Libertas, a small generic pharmaceutical company marketing a range of niche products in the US

- The acquisition has significantly exceeded expectations and has materially enhanced Mayne Pharma's network of manufacturing and development partners
- One of the CMO partners manufactures Butalbital/APAP/Caffeine which was the largest generic franchise representing over 20% of GPD's net sales in 1H16. Mayne Pharma continues to collaborate with this supplier on a number of filed and active development pipeline products

**Increased scale expected to create new organic and inorganic opportunities to further grow the Generic Products Division**

(1) Based on IMS Health: MAT gross sales Apr-16, adjusted for recent acquisitions.

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## Potential for synergies over the mid-long term

### Revenue synergies

- Stronger and deeper relationships with wholesaler chains and retail drug store chains expected to drive **incremental portfolio selling opportunities** for Mayne Pharma's existing on-market products
- Expected to provide **new channel opportunities through OC platform** at universities as well as improved access to hospitals and government for combined product portfolio
- **Improved terms of trade** (i.e. customer rebates/discounts) will be realised over time across Mayne Pharma's existing generic portfolio due to increased scale of the combined portfolio

### Cost synergies

- **Supplier network to be optimised** over time which is expected to lead to greater operational efficiencies
- In-house manufacturing of 11 selected products is expected to **improve product margins**
- Expected **increase in overhead recovery** of global manufacturing network

**Material upside is expected over time from leveraging the combined portfolios. No synergy benefits assumed in FY17**

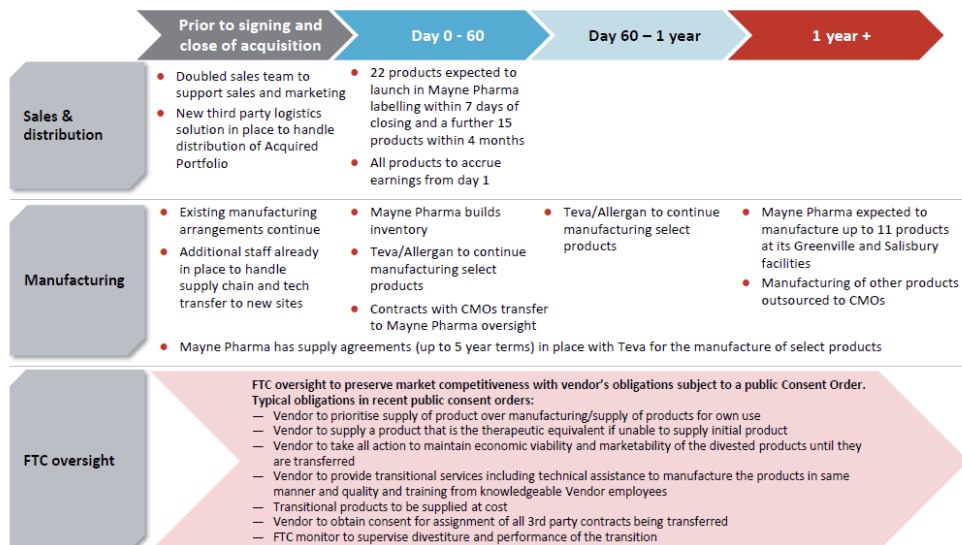
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## 2 Operational plans

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## Detailed handover and integration plans established



**Detailed product transfer plans and capabilities were critical to the FTC's approval of Mayne Pharma as the preferred purchaser**

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## In addition to the existing team, we have secured new talent



**Craig Boyd**  
EVP, Generic Products  
Hospira, Mylan, Novartis  
20+ years of industry experience  
Joined Mayne Pharma Oct 2015



**Andrew van Breugel**  
EVP, Operations  
Medachemie, Douglas Pharma., Merck  
25+ years of industry experience  
Joined Mayne Pharma Jan 2016



**Gareth Lewis**  
VP, Business Integration  
Hospira, Starpharma, AstraZeneca  
14+ years of industry experience  
New role Feb 2016



**Carl Turner**  
VP, Supply Chain Management  
Pfizer, Hospira, Abbott Laboratories  
23+ years of industry experience  
Joined Mayne Pharma Feb 2016



**Chad Turner**  
Marketing Manager - Generic Products  
Quintiles, Warner Chilcott, Organon  
20+ years of industry experience  
Joined Mayne Pharma Feb 2016



**Rodney Emerson**  
Director, Pricing & Contracts  
Mylan, Dupont  
18+ years of industry experience  
Joined Mayne Pharma Apr 2015



**Matt Menas**  
Senior Manager, Strategic API Sourcing  
Mylan  
10+ years of industry experience  
Joined Mayne Pharma Apr 2016



**Yogesh Gandhi**  
Director Technical Transfer, CMOs  
Patheon, DSM, Watson  
33+ years of industry experience  
Joined Mayne Pharma Mar 2016



**Harry Cocolas**  
Senior Director, Technical Transfer  
Catalent, Bayer, Pfizer  
25+ years of industry experience  
Joined Mayne Pharma Feb 2016



**Jim Bendickson**  
Manager, Government Pricing  
Qualitest, Dr Reddy's, AAI Pharma, Sandoz  
25+ years of industry experience  
Joined Mayne Pharma Jan 2016

- 49 employees already hired in advance of this transaction to support key functional areas:
  - Operations/Supply Chain (API sourcing, Technical Transfer)
  - Quality
  - Regulatory
  - Sales & Marketing (pricing, analytics)
  - Customer service
- 11 additional staff expected to join the organisation in the coming months to support quality, customer service, finance and supply chain

**Mayne Pharma has built a leadership team with extensive industry experience to support and optimise the expanded portfolio**

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## Recent investments in people, systems and capability to support the enlarged organisation

### Sales & marketing

- Generic Products Division commercial team has more than doubled to 24 over the last year across customer account management, customer solutions and commercial analytics to support the 4-fold increase in expected sales
- Sales force effectiveness through aligning representatives to major accounts and implementing a new strategic sales force process
- Team has strong sales experience across all channels to market including retail, hospital, government and university
- New telesales capability to reach wider customer base

### Supply chain & sourcing

- Strengthened supply chain team to manage tech transfers to CMOs or internally to Greenville or Salisbury manufacturing facilities
- API sourcing function established to oversee existing API suppliers and drive new product development opportunities

### Systems

- Enterprise Resource Planning ("ERP") system implemented in the US in May 2016 to improve productivity and increase efficiencies
- Implemented customer relationship management solution ("CRM") for customer segmentation, stronger account management and targeted marketing

### Distribution

- New third party logistics ("3PL") distribution in place to handle Acquired Portfolio volumes which are expected to be more than 4 times existing distribution volume
- Greenville distribution centre to be retained as 'overflow' centre
- All distribution activities to be consolidated to new 3PL by end of 2016

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### 3 Financial impact of acquisition

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## Financial overview and outlook for Acquired Portfolio (pre synergies)

#### Net sales

- LTM Mar-16 net sales for the Acquired Portfolio under Teva/Allergan ownership were US\$292m<sup>1</sup>
- Several factors will impact the level of net sales of the on-market products under Mayne Pharma ownership
  - one-off factors - including potential market share disruption on business transition and re-setting of pricing/trading terms
  - ongoing price changes typical for generic products in mature markets
- The launch of 6 pipeline products with an addressable market of >US\$700m<sup>2</sup> over the next 24 months is expected to drive incremental revenue for the Acquired Portfolio
- The Acquired Portfolio is expected to achieve FY17F net sales of at least US\$237m<sup>3</sup>

#### Profitability

- Gross margins of the Acquired Portfolio expected to be greater than 50% in FY17F
- Additional forecast operating expenses of ~2% of net sales for the Acquired Portfolio across distribution, regulatory, sales, marketing, administration and other costs
  - the combined business will have significant operating leverage – Mayne Pharma's operating expenses as a % of net sales are expected to decrease in FY17F

#### Amortisation

- 99% of purchase price to be booked as identifiable intangible assets
- Intangible assets will be amortised over 20 years for accounting purposes resulting in an annual amortisation charge of US\$33m
- Intangible asset expected to be amortised and fully deductible over 15 years for tax purposes (in US)

**Expected to be very significantly EPS accretive to reported and cash EPS (pre synergies) in FY17<sup>4</sup>**

Source: Company information, Management forecasts, IMS Health

(1) Whilst net sales numbers have been subject to review by an external advisor, they have not been audited.

(2) IMS Health: MAT gross sales Apr-16.

(3) Assumes 12 months contribution from the acquisition

(4) Excludes transaction costs. Cash EPS excludes the impact of the amortisation associated with identified intangibles recognised at the acquisition date as well as other certain non-cash adjustments.

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## Funding the acquisition

- Acquisition funded through proceeds of an equity raising and expansion of existing debt lines secured in June 2015
- Attractive debt funding package with Westpac Banking Corporation (Australia)
  - flexible dual currency facility reflects Mayne Pharma's global operations
    - US\$150m, 3 year amortising facility
    - US\$250m, 5 year bullet facility
    - A\$10m and US\$20m working capital facility
  - cost of funds reflective of the current attractive pricing environment particularly for issuers with significant US earnings
- Following the transaction, the Company expects to have undrawn debt facilities of ~A\$355m<sup>1</sup>
- Mayne Pharma may draw down ~US\$56m of debt for a potential acquisition for the Specialty Brands Division. The Company is in non-exclusive negotiations and there is no certainty that any transaction will occur

Sources	A\$m	Uses	A\$m
Debt	145	Consideration paid	881
Equity issued	888	Technology transfer	21
		Capex	36
		Working capital	63
		Transaction costs	32
<b>Total</b>	<b>1,033</b>	<b>Total</b>	<b>1,033</b>

### Equity raising and expanded debt lines will also fund:

- A\$63m investment for working capital as no finished goods inventory is acquired as part of the transaction
- Technology transfer costs: A\$21m associated with the costs of transferring the products to Salisbury and Greenville as well as to new CMOs
- Capex spend: A\$36m over the next three years associated with addition of Acquired Portfolio to purchase additional equipment and support in-house manufacture at Salisbury and Greenville

**Mayne Pharma remains conservatively geared with significant headroom and financial flexibility**

Source: Annual report, management forecasts.

Note: US amounts converted at a USD:AUD foreign exchange rate of 0.74.

(1) Includes undrawn facilities from amortising facility, bullet facility and working capital facility.

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## Pro forma balance sheet

### Impact to Balance Sheet

A\$m	Mayne as at 31-Dec-15	Pro forma adjustment	Pro forma as at 31-Dec-15
Cash	49.7	120.0	169.7
Inventory & receivables	129.1	12.2	141.2
PP&E	65.4	0.7	66.0
Intangibles	321.1	868.4	1,189.6
Other	35.9		35.9
<b>Total assets</b>	<b>601.2</b>	<b>1,001.3</b>	<b>1,602.5</b>
Interest bearing liabilities	64.8	139.8	204.6
Other financial liabilities	13.9		13.9
Other liabilities	170.4		170.4
<b>Total liabilities</b>	<b>249.1</b>	<b>139.8</b>	<b>388.8</b>
<b>Equity</b>	<b>352.2</b>	<b>861.5</b>	<b>1,213.7</b>

#### Notes:

- The pro forma balance sheet has not been adjusted for \$12.6m of additional debt drawn down between 31 December 2015 (\$68.8m) and 31 June 2016 (\$77.4m) to fund continued investment in in-house manufacturing facilities and research & development.
- US amounts converted at a USD:AUD foreign exchange rate of 0.74.

- Funding has been structured to ensure a prudent and conservative balance sheet is maintained
- Increase in cash of A\$120m required for capex (\$36m), working capital (\$63m) and technology transfer costs (\$21m) (see page 18 for further details)
- Mayne Pharma is acquiring US\$9m of API and US\$0.5m of PP&E
- Intangible assets of \$868m to be recognised representing the value of the purchase consideration after inventory and PP&E acquired
- Acquisition funded through proceeds of the equity raising and expansion of existing debt lines secured in June 2015 (see page 18 for further details)
- The pro forma debt adjustment represents \$145m of debt assumed to be drawn down net of capitalised borrowing costs (see page 18 for further details)
- The pro forma equity adjustment represents \$888m of equity raised net of remaining transaction fees

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## 4 Mayne Pharma trading and business update

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## Trading and business update

### FY16 Forecast Results (A\$m)<sup>1,2</sup>

Revenue	\$260m – \$265m
Underlying EBITDA	\$86m – \$88m
Reported EBITDA	\$74m – \$76m
Underlying EBIT	\$66m – \$68m
Reported EBIT	\$54m – \$56m

### Business Update

- Revenue and underlying EBITDA expected to be up >80% and >130% respectively on prior corresponding period
- All segments contributed to the growth year on year
- Gross margin percentage expected to exceed 60% driven by full year inclusion of high margin Doryx®
- Recent key product launches:
  - Dofetilide capsules in June 2016 - the Company's first generic product to receive 180-days of market exclusivity
  - generic doxycycline hyclate delayed-release tablets in May 2016, authorised generic of Doryx® 50mg and 200mg tablets
- Upcoming key product launches:
  - Doryx® MPC tablets expected to launch 1Q FY17
  - Temozolomide capsules expected to launch 1H17
- Mayne Pharma is one of numerous generic companies to receive a subpoena from the Antitrust Division of US Department of Justice ("DOJ") in the last two years seeking information relating to the marketing, pricing and sales of select generic products. Mayne Pharma has more recently received a subpoena from the Office of the Attorney General in the State of Connecticut seeking similar information. Based on currently available information, Mayne Pharma does not believe these investigations will have a material impact on its future earnings

**Forecast underlying FY16 EBITDA<sup>2</sup> of A\$86m – A\$88m**

(1) Forecast results are unaudited and subject to change.  
 (2) Estimated adjustments to EBITDA include: i) A\$6.7m of transaction and other related costs in relation to the Acquired Portfolio product acquisition in the US; ii) A\$5.2m non-cash credit resulting from the decrease in earn-out liabilities; iii) A\$6.7m payment to settle a dispute with a former distributor; iv) A\$1.2m of DOJ legal costs; and v) A\$2.4m reflecting Hedgepath Pharmaceutical losses attributable to members of the Company.

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## 5 Equity offer structure

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## Equity raising details

### Offer structure and size

- Fully underwritten ~A\$888m equity raising comprised of:
  - a 1-for-1.725 accelerated non-renounceable entitlement offer to raise approximately A\$601m ("Entitlement Offer")<sup>(1)</sup>
  - a placement to raise approximately A\$287m ("Placement")
- ~661m new shares to be issued ("New Shares") (equivalent to approximately 82% of existing shares on issue)
- Record Date for the Entitlement Offer is 7pm (Melbourne time) on 30 June 2016

### Offer pricing

- Entitlement Offer price of \$1.28 per New Share<sup>(2)</sup>
  - 9.2% discount to the theoretical ex-rights price ("TERP")<sup>(3)</sup>
- Placement price of \$1.50 per New Share

### Retail top up offer

- Eligible retail shareholders who take up their entitlement in full may also apply for additional New Shares in excess of their entitlement, up to a maximum of 50% of their entitlement ("Top Up Offer")
- Mayne Pharma retains final discretion regarding allocations under the Top Up Offer

### Director participation

- All Directors will be participating in the Entitlement Offer

### Ranking

- New shares issued under the Entitlement Offer and Placement will rank equally with existing Mayne Pharma shares, however New Shares issued under the Placement do not have rights to participate in the Entitlement Offer

### Underwriting

- Offer is fully underwritten

(1) Fractional entitlements to New Shares to be rounded down to the nearest whole number of New Shares.

(2) Entitlements not taken up in the Institutional Entitlement Offer will be offered for sale at the Placement price in a bookbuild.

(3) The TERP is the theoretical price at which a Mayne Pharma share will trade immediately after the ex-date for the Entitlement Offer. It is a theoretical calculation only and the actual price at which Mayne Pharma shares will trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. TERP is calculated by reference to Mayne Pharma's closing price of \$1.485 on 27 June 2016 and reflects shares issued under the Entitlement Offer.

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## Equity raising timetable

Trading halt and announcement of acquisition and Entitlement Offer	Tue, 28 Jun 2016
Institutional Entitlement Offer opens	Tue, 28 Jun 2016
Institutional Entitlement Offer closes <sup>1</sup> and bookbuild for Placement shares and institutional shortfall	Wed, 29 Jun 2016
Mayne Pharma shares recommence trading	Thu, 30 Jun 2016
Entitlement Offer record date (7pm Melbourne time)	Thu, 30 Jun 2016
Retail Entitlement Offer opens	Mon, 04 Jul 2016
Retail Offer Booklet and Application and Entitlement Forms dispatched to Eligible Retail Shareholders	Tue, 05 Jul 2016
Settlement of New Shares issued under Institutional Entitlement Offer and Placement	Wed, 06 Jul 2016
Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer and Placement	Thu, 07 Jul 2016
Retail Entitlement Offer closes (5pm Melbourne time)	Fri, 15 Jul 2016
Settlement of New Shares issued under the Retail Entitlement Offer	Thu, 21 Jul 2016
Allotment of New Shares issued under the Retail Entitlement Offer	Fri, 22 Jul 2016

*The above timetable is subject to change without notice.*

(1) Shareholding declaration for Australian, New Zealand and Asian institutional holders due 4pm Melbourne time on 28 June 2016, shareholding declarations due for other offshore institutional holders due 7am Melbourne time on 29 June 2016.

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## 6 Key risks

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## Key risks

This section discusses some of the risks associated with an investment in Mayne Pharma. Mayne Pharma's business is subject to a number of risk factors both specific to its business and of a general nature which may impact on its future performance and forecasts. Before subscribing for Mayne Pharma shares, prospective investors should carefully consider and evaluate Mayne Pharma and its business and whether the shares are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below. The risk factors set out below are not exhaustive. Prospective investors should consider publicly available information on Mayne Pharma, examine the full content of this presentation and consult their financial or other advisers before making an investment decision.

### Operational risks

<b>Industry regulatory risks</b>	Mayne Pharma operates within a highly regulated industry, relating to the manufacture as well as the distribution and supply of pharmaceutical products. As such, the business of Mayne Pharma is continually exposed to the risk of new government policies, regulations and legislation being introduced and changes to existing government policies, regulations and legislation in Australia, the US and other foreign jurisdictions which may impact or restrict its potential profitability. Changes to these or other regulatory requirements, policies and procedures may affect Mayne Pharma, its business operations and financial performance, or have other unforeseen implications.
<b>Pricing and reimbursement</b>	The commercial success of Mayne Pharma's approved products is substantially dependent on achieving acceptable pricing and whether acceptable third-party coverage and reimbursement is available from government bodies, private health insurers and other third-parties. This process of obtaining pricing for products is time consuming and the outcomes in certain jurisdictions may not be sufficient to warrant the marketing of products in that jurisdiction. Government bodies, national health authorities and other third-parties are increasingly seeking to contain healthcare costs by delaying reimbursement for, and limiting both the coverage and the level of reimbursement of new products and, as a result, they may not cover or provide adequate payment for Mayne Pharma's products. It is not uncommon in some jurisdictions for multiple applications to be required before pricing and reimbursement approvals are accepted. Pricing practices for pharmaceutical products may themselves come under scrutiny from regulators from time to time and have received heightened attention recently in the US in particular. An inability to obtain or delays in obtaining satisfactory pricing and reimbursement in certain jurisdictions may impair Mayne Pharma's ability to effectively commercialise products in those jurisdictions. Even if products receive acceptable pricing and reimbursement, pricing and reimbursement levels are subject to change. As a result, Mayne Pharma's products may not be considered cost effective and reimbursement may not be available to consumers or may not be sufficient to allow Mayne Pharma's products to be marketed on a competitive basis.
<b>Product registrations</b>	The ability of Mayne Pharma to offer its products for sale depends on licences and registrations being obtained and maintained by Mayne Pharma from regulatory agencies such as the Therapeutic Goods Administration of Australia (TGA) and the US Food and Drug Administration (FDA). Mayne Pharma can give no assurances that it will successfully register its new products or that the appropriate approvals will be granted for these products on a timely basis, or once granted, will continue without change. Delays, or failure to obtain or changes to such registration and/or approval may have a material adverse effect on the financial performance of Mayne Pharma.

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## Key risks (cont)

### Operational risks (cont)

<b>Product liability and uninsured risks</b>	Mayne Pharma's business exposes it to potential product liability risks that are inherent in the marketing and use of its products and as such Mayne Pharma has secured insurance to cover various product liability risks in the course of maintaining its business. However, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that product liability or other claims would not materially and adversely affect the business or financial condition of Mayne Pharma.
<b>Competition risk</b>	Mayne Pharma conducts business in a highly competitive industry in which there are a number of well established competitors that have significantly greater financial resources, sales and marketing organisations, market penetration and development capabilities, as well as broader product offerings and greater market and brand presence. There can be no assurances given in respect of Mayne Pharma's ability to compete. Mayne Pharma's financial performance and the value of Mayne Pharma could be materially adversely affected if existing competitors increase market share or new competitors enter the relevant markets.
<b>Access to capital</b>	The Mayne Pharma business model requires ongoing re-investment into developing the underlying product portfolio for supply into key distribution channels, and for working capital to enable continued servicing of key customers. Mayne Pharma will continue to rely on existing finance facilities as well as reinvesting available profits as deemed appropriate. See Funding risk below for further information.
<b>Regulatory compliance</b>	Difficulties or delays in resolving regulatory (i.e. FDA, TGA) observed deficiencies at Mayne Pharma's manufacturing facilities or a third party's manufacturing facilities could delay the ability of Mayne Pharma to obtain approvals of pending product applications or curtail availability to continue production of existing products.
<b>Litigation risk</b>	Litigation and other proceedings may be taken against Mayne Pharma that could materially adversely affect the business or financial condition of Mayne Pharma. If such proceedings were brought against the Company, it would incur considerable cost to defend those proceedings (even if successful), with the potential for damages and costs awards against the Company if it were unsuccessful. Changes in laws can heighten litigation risk (for example, antitrust and intellectual property). There has been substantial litigation and other proceedings in the pharmaceutical industry, including class actions from purchasers and end users of pharmaceutical products. The FDA has also proposed changes that would allow generic drug companies to update their labels with new safety information which may expose generic companies to product liability claims based on "failure to warn". Defending litigation and other third party claims would be costly and time consuming and would divert management's attention from the business, which could have a significant financial effect on Mayne Pharma's business.
<b>Intellectual property</b>	Infringement of intellectual property can lead to costly, ongoing litigation to protect these assets. The impact of third party patents and other intellectual property rights which we may be found to infringe, or may be required to be licensed can lead to potential damages or other costs that we may be required to pay as a result of a finding that we infringe such intellectual property rights.

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## Key risks (cont)

### Operational risks (cont)

Relationships with customers	Mayne Pharma remains exposed to competitor pressures in retaining and attracting customers. The loss of a key customer, the inability to renew contracts on similar terms, or the inability of the business to attract new customers may have a material impact on future profitability and efficient utilisation of fixed assets invested in the business. Mayne Pharma is exposed to the risk of its customers failing to honour payment obligations.
Relationship with distributors	Mayne Pharma uses third parties to sell and / or distribute its products. These third parties may choose to prioritise other products or may elect not to renew distribution agreements when they expire. Should this occur, Mayne Pharma may not be able to sell its products or may suffer delays in appointing new distributors or sales partners.
Relationships with suppliers	Mayne Pharma's performance may be negatively impacted if it cannot enter into reasonable commercial agreements with key third party suppliers including CMOs and API suppliers. It is customary for these agreements to include liability limitations or exclusions which benefit the supplier and may result in liability being retained by Mayne Pharma even in circumstances where the supplier has breached or acted negligently. Mayne Pharma is exposed to risk if the supply arrangements are not locked in for a sufficient period to enable Mayne Pharma to transition to another supplier if necessary. Mayne Pharma may be exposed to price increases under these arrangements including as a result of currency fluctuations.
Loss of key personnel	There can be no assurance that Mayne Pharma will be able to retain key personnel. The loss of key personnel or the inability to recruit and retain high calibre staff could have a material adverse effect on Mayne Pharma. The addition of new employees and the departure of existing employees, particularly in key positions, can be disruptive and could have an adverse effect on Mayne Pharma.
Product safety and efficacy	Serious or unexpected health, safety or efficacy concerns with our products may expose Mayne Pharma to reputational harm or reduced market acceptance of its products, and lead to product recalls and/or an increase in product liability claims and resulting liability, and increased regulatory reporting.
US Department of Justice investigation risk	Mayne Pharma Inc., a US subsidiary of Mayne Pharma Group Limited has received a subpoena from the Antitrust Division of the U.S. Department of Justice seeking information relating to the marketing, pricing and sale of certain generic products. The investigation appears to be focused on doxycycline hyclate delayed-release tablets (generic) and potassium chloride supplements. Mayne Pharma has more recently received a subpoena from the Office of the Attorney General in the State of Connecticut seeking similar information. Based on currently available information, Mayne Pharma does not believe these investigations will have a material impact on its future earnings. Since 2014, at least seven other generic pharmaceutical companies have received DOJ subpoenas relating to the marketing and pricing of generic products and some of them have received similar subpoenas from the State of Connecticut. The Company is cooperating with the DOJ and the State of Connecticut. Responding to these investigations may be costly and time consuming for some members of our management team. It is possible that Mayne Pharma may be subject to additional investigations concerning the same subject matter by other regulatory bodies, be subject to class actions, have adverse judgments made against it, incur civil or criminal sanctions or enter into settlements that may be material and/or require operational changes. No assurance can be given as to the timing or outcome of these investigations.

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## Key risks (cont)

### Acquisition risks

Completion risk	Completion of the transaction is expected to be late July 2016. Although we have been in regular dialogue with the FTC regarding this transaction, there is no guarantee that the FTC will provide formal approval within any particular time frame, or at all. If the acquisition does not complete for any reason, such as Teva's acquisition of Allergan's generic business not completing or the failure of the FTC to provide formal approval to Mayne Pharma of its acquisition of products from Teva, Mayne Pharma will consider options in relation to the use of the funds raised under the equity raising, including return of all or part of the funds to shareholders.
Funding risk	The acquisition is being funded by a fully underwritten accelerated non-renounceable entitlement offer, a placement and extension of the existing debt facility. The Underwriting Agreement is subject to customary termination events. In addition, until the Institutional Settlement Date (as defined in the Underwriting Agreement), there are certain events which trigger termination or restructuring of the Underwriting Agreement. If the Underwriting Agreement were to be terminated or restructured in accordance with those terms there is a risk that Mayne Pharma may not raise sufficient funds from the capital raising to complete the transaction. If this occurs Mayne Pharma will consider other funding options or may otherwise be in breach of the relevant agreements. Any additional equity financing may be dilutive to shareholders and any debt financing, if available, may involve restrictive covenants, which may limit Mayne Pharma's operations and business strategy. In addition to the capital raising, Westpac Banking Corporation has signed a commitment letter in which it has agreed to underwrite an extension of Mayne Pharma's existing debt facility in order to partially fund the acquisition. The extension is conditional on a number of things, including an increased level of equity (which will be satisfied following completion of the proposed equity offer), customary documentation conditions, obtaining all necessary regulatory approvals in relation to the acquisition and compliance with certain representations and warranties. Mayne Pharma's failure to raise debt or equity capital if and when needed could delay or suspend its business strategy and could have a material adverse effect on Mayne Pharma's activities.
Reliance on information provided	Mayne Pharma undertook a due diligence process in respect of the products acquired, which relied in part on the review of financial and other information provided by the relevant vendors. Despite taking reasonable efforts, Mayne Pharma has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Mayne Pharma has prepared (and made assumptions in the preparation of) the financial information relating to the product acquisitions included in this Presentation in reliance on limited financial information and other information provided by the relevant vendors with very limited assurances. Mayne Pharma is unable to verify the accuracy or completeness of all of that information. If any of the data or information provided to and relied by Mayne Pharma in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Mayne Pharma may be materially different to the financial position and performance expected by Mayne Pharma and reflected in this Presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Mayne Pharma. Mayne Pharma has sought warranties from the relevant vendors in this regard but have only been able to obtain limited assurances which are subject to liability caps and exclusions.

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## Key risks (cont)

### Acquisition risks (cont)

<b>Integration risk</b>	The acquisition requires the integration of a large number of products, all of which have been manufactured and marketed independently of Mayne Pharma. Most of these products are currently manufactured by Teva or Allergan and need to be transitioned to a new CMO or brought in-house. As a result, there is a risk that the integration of the products may be more complex than currently anticipated, encounters unexpected challenges or issues and is delayed, takes longer than expected (in particular, takes longer than the period that vendor is required to provide transitional supply), diverts management attention or does not deliver the expected benefits and this may affect Mayne Pharma's operating and financial performance.
<b>Analysis of acquisition opportunities</b>	Mayne Pharma has undertaken financial, business and other analysis on the products proposed to be acquired in order to determine their attractiveness to Mayne Pharma and whether to acquire them. It is possible that despite such analysis and the best estimate assumptions made by Mayne Pharma, the conclusions drawn and forecasts made are inaccurate or are not realised. To the extent that the actual results achieved by the product acquisitions are different than those indicated by Mayne Pharma's analysis, there is a risk that the profitability and future earnings of the operations of the Mayne Pharma may be materially different from the profitability and earnings expected as reflected in this Presentation.

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## Key risks (cont)

### General risks

<b>Share price fluctuations</b>	The market price of Mayne Pharma shares will fluctuate due to various factors, many of which are non-specific to Mayne Pharma, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, and investor perceptions. Fluctuations such as these may adversely affect the market price of Mayne Pharma shares.
<b>Economic risks</b>	Mayne Pharma is exposed to economic factors in the ordinary course of business. Factors such as changes in fiscal, monetary and regulatory policies can adversely impact Mayne Pharma's earnings. Businesses such as Mayne Pharma that borrow money are potentially exposed to adverse interest rate movements that may affect the cost of borrowing, which in turn would impact on earnings and increase the financial risk inherent in those businesses.
<b>Foreign exchange risk</b>	A substantial proportion of Mayne Pharma's revenues, costs, assets and liabilities are denominated in currencies other than Australian dollars. Exchange rate movements affecting these currencies may impact the income statement or assets and liabilities of Mayne Pharma, to the extent the foreign exchange rate risk is not hedged or not appropriately hedged. It is Mayne Pharma's policy to enter into simple Forward Exchange Contracts or Participating Forward Exchange Contracts over a set percentage of the forecast net receipts of US dollars. The percentages used vary depending on the length of the forecast period. Mayne Pharma also holds assets and liabilities in United States dollars (US\$), British pounds (GBP), Japanese yen (JPY) and Euro (EUR). The existence of both assets and liabilities denominated in US\$ provides a limited natural hedge against adverse currency movements.
<b>Taxation</b>	Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Mayne Pharma shares, or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Mayne Pharma operates, may impact the future tax liabilities of Mayne Pharma.

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## Key risks (cont)

### General risks (cont)

Change in accounting policy	Mayne Pharma is subject to the usual business risk that there may be changes in accounting policies which impact Mayne Pharma.
Asset impairment	As a consequence of the global financial crisis, ASIC has specifically identified impairment of assets as an issue for Australian companies. The Board regularly monitors impairment risk. Consistent with Australian Accounting Standard AASB 136 Impairment of Assets, Mayne Pharma is periodically required to assess the carrying value of its non-current assets, including its brands and goodwill. Where the recoverable amount of an asset is assessed to be less than its carrying value, Mayne Pharma is obliged to recognise an impairment charge in its income statement. Impairment charges can be significant and can reduce the level of a company's profits and, potentially, its capacity to pay dividends. Impairment charges are a non-cash item.
Dividends	The payment of any future dividends will be at the discretion of the Board and will depend, amongst other things, on the performance and financial circumstances of the Company at the relevant time. However, the Board's general policy will be to distribute cash flows generated by the Company's operating activities which are surplus to the Company's ongoing requirements for maintaining and growing the business. There can be no guarantee as to the likelihood, timing, franking or quantum of future dividends from Mayne Pharma.

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## 7 Foreign selling restrictions

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## Foreign Selling Restrictions

### International Offer Restrictions

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

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## Foreign Selling Restrictions (cont)

### Canada (British Columbia, Ontario and Quebec provinces) (continued)

#### Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

#### Certain Canadian income tax considerations

Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

#### Language of documents in Canada

Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

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## Foreign Selling Restrictions (cont)

### European Economic Area - Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

### France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

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## Foreign Selling Restrictions (cont)

### Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(i) of the Prospectus Regulations.

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## Foreign Selling Restrictions (cont)

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

### Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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## Foreign Selling Restrictions (cont)

### Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

### United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### United States

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Any securities described in this Presentation have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any state or jurisdiction of the United States. Accordingly, the securities may not be offered or sold directly or indirectly in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

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## Additional information

This Retail Offer Document (including the ASX announcements and Investor Presentation in relation to the Retail Entitlement Offer reproduced in it) and accompanying personalised Application and Entitlement Form have been prepared by the Company.

No party other than the Company has authorised or caused the issue of the information in this Retail Offer Document, nor takes any responsibility for, or makes, any statements, representations or undertakings in this Retail Offer Document.

### 3. Capital structure

#### 3.1 Effect of the Entitlement Offer on capital structure

The approximate capital structure of the Company will be as follows:

Shares	Number
Shares on issue as at 28 June 2016	810,046,346
Shares issued under the Institutional Entitlement Offer and Placement	462,388,038
New Shares offered under the Retail Entitlement Offer as per this Retail Offer Document	198,504,047
Total Shares on issue on close of the Entitlement Offer and Placement	1,470,938,431

Note: Exact number of Shares issued under the Entitlement Offer depends on fractional Entitlements on the Record Date.

#### 3.2 Financial effect of the Entitlement Offer and Placement

Please see the Investor Presentation for the financial effect of the Entitlement Offer and Placement on the Company.

#### 3.3 Impact on control

The Directors do not believe that the Entitlement Offer will have a material effect on the control of the Company as no individual Shareholder currently owns more than 20% of the Shares and the Company does not expect any Shareholder to hold more than 20% after completion of the Entitlement Offer.

#### 3.4 Directors and sub-underwriting

All Directors intend to participate in the Entitlement Offer.

One of the Directors, Professor Bruce Robinson (or a related entity) has entered into a sub-underwriting agreement with the Underwriters under which Professor Robinson (or a related entity) has agreed to sub-underwrite A\$0.75 million of any shortfall in the Retail Entitlement Offer for a fee of 0.50% of the sub-underwritten amount (consistent with the fee payable to institutional sub-underwriters).

The terms and conditions of this sub-underwriting agreement are customary in nature and materially the same as the terms of other sub-underwriting agreements entered into between the Underwriters and institutional sub-underwriters. Under the terms of the sub-underwriting agreement, Professor Robinson (or a related entity) has no rights of termination, however, the obligation to sub-underwrite will cease if the Underwriting Agreement is terminated.

Depending on the amount of New Shares allotted to Professor Robinson (or a related entity) under the sub-underwriting agreement (if any), he will have a post equity raising relevant interest of no greater than 0.1%.

## 4. Risk factors

### 4.1 Introduction

The Company's operations are subject to a number of risks which may impact on its future performance and forecasts. Before subscribing for New Shares, Shareholders should carefully consider and evaluate the Company and its business and whether the New Shares are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors.

In particular, Shareholders should consider the risk factors outlined in the *Key risks* section of the Investor Presentation included in this Retail Offer Document, any of which could affect the operating and financial performance of the Company or the value of an investment in the Company. The risk factors set out in the *Key risks* section of the Investor Presentation are not exhaustive.

You should consult your stockbroker, accountant, solicitor or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer. The Company has applied to ASX for the grant of official quotation of the New Shares and any Additional New Shares. It is expected that normal trading on ASX will commence in relation to New Shares issued under the Retail Entitlement Offer on Monday, 25 July 2016. The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade New Shares before the New Shares are quoted on the official list of ASX or before they receive their written confirmation of issue, whether on the basis of confirmation of the allocation provided by the Company, the Share Registry or the Underwriters. ASX accepts no responsibility for any statement in this Retail Offer Document.

### 4.2 New Zealand Shareholders

New Zealand Shareholders should also consider the taxation and currency risks associated with investing in New Shares.

## 5. Eligible Retail Shareholders

The information in this Retail Offer Document contains an offer of New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. Please refer to Section 1.1 of this Retail Offer Document for Eligible Shareholder criteria.

The Retail Entitlement Offer is not being extended to any Shareholders outside Australia or New Zealand, other than potentially Company selected institutional Shareholders and investors in certain foreign jurisdictions. By returning a completed Application and Entitlement Form or making a payment through BPAY®, you will be taken to have represented and warranted that you satisfy each of the Eligible Retail Shareholder criteria, including making the warranties and representations in Section 2.6 of this Retail Offer Document. Due to legal restrictions, nominees and custodians may not send copies of this Retail Offer Document or any material relating to the Retail Entitlement Offer or accept the Retail Entitlement Offer in relation to any person in the United States, or any other person acting for the account or benefit of persons in the United States, or to any person in any other jurisdiction outside Australia or New Zealand except to beneficial Shareholders who are institutional or professional investors in certain foreign countries selected by the Company.

## 6. Not investment advice or financial product advice

The Retail Entitlement Offer to which the information in this Retail Offer Document relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. The information in this Retail Offer Document is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares and any Additional New Shares or any other financial products.

The information in this Retail Offer Document does not purport to contain all the information that you may require to evaluate a possible Application for New Shares or any Additional New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with the Company's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at [www.asx.com.au](http://www.asx.com.au). The information in this Retail Offer Document does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares or any Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial objectives and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of the Shares, the subject of the Retail Entitlement Offer.

If, after reading this Retail Offer Document, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant, solicitor or other independent professional adviser. You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

## 7. Foreign jurisdictions

The information in this Retail Offer Document does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, and no action has been taken to register the Shares or otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia or New Zealand. Return of the personalised Application and Entitlement Form or your BPAY® payment will be taken by the Company to constitute a representation by you that there has been no breach of any such laws. Due to legal restrictions, nominees and custodians may not send copies of this Retail Offer Document or any material relating to the Retail Entitlement Offer or accept the Retail Entitlement Offer in relation to any person in the United States, or any other person acting for the account or benefit of persons in the United States, or to any person in any other jurisdiction outside Australia or New Zealand except to beneficial Shareholders who are institutional or professional investors in certain foreign countries to the extent contemplated in the Investor Presentation under the *Foreign selling restrictions* section or as the Company may otherwise permit in compliance with applicable law.

### *United States*

This Retail Offer Document, and any accompanying ASX announcements and the Application and Entitlement Form, do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States.

Neither the New Shares nor the Entitlements may be offered or sold in the United States or to any other person acting for the account or benefit of persons in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. Neither the New Shares nor the Entitlements in the Retail Entitlement Offer have been, nor will be, registered under the U.S. Securities Act. Accordingly, the New Shares and the Entitlements in the Retail Entitlement Offer will be sold only in "offshore transactions" as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. Because of these legal restrictions, you must not distribute, release or send this Retail Offer Document or the Application and Entitlement Form, or copies thereof, or any other material relating to the Retail Entitlement Offer to any person in the United States. Persons acting as nominees for other persons must not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement on behalf of, or send any materials related to the Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a persons in the United States.

The distribution of this document outside Australia or New Zealand may be restricted by law. In particular, this document or any copy of it must not be taken into or distributed or released in the United States or distributed or released to any person in the United States or to any person acting for the account or benefit of persons in the United States.

### *New Zealand*

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013 (New Zealand)* and the *Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand)*.

This Retail Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978 (New Zealand)*. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## 8. Taxation

Taxation is only one of the matters that must be considered when making a decision in relation to New Shares and any Additional New Shares.

Set out below is a summary of the Australian tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders who are residents of Australia for tax purposes and who hold their Shares on capital account.

This Section does not consider the Australian tax consequences for particular types of Eligible Retail Shareholders, including those who:

- (a) hold their Shares as assets used in carrying on a business or who may carry on the business of share trading, banking or investment; or
- (b) hold their Shares through an employee share scheme or whose Shares are held as revenue assets or trading stock; or
- (c) may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents; or

- (d) are tax residents of any jurisdiction (including New Zealand) other than Australia.

The summary below is based on the law in effect as at the date of this Retail Offer Document, is general in nature and should not be relied upon by Eligible Retail Shareholders as tax advice. Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial and tax advisers.

## 8.1 Income tax

### *Issue of Entitlements*

Subject to the qualifications noted above and assuming that the Eligible Retail Shareholder continues to hold their Shares until the issue of the Entitlements, the issue of the Entitlements will not, of itself, result in any amount being included in the assessable income of an Eligible Retail Shareholder. This is on the basis that the Entitlements satisfy the requirements in section 59-40 of the *Income Tax Assessment Act 1997 (Cth)* and will therefore be treated as non-assessable and non-exempt income.

### *Exercise of Entitlements*

Eligible Retail Shareholders who exercise their Entitlements and subscribe for New Shares and any Additional New Shares will acquire those Shares with a cost base for CGT purposes equal to the Issue Price payable by them for those Shares plus any non-deductible incidental costs they incur in acquiring them. Eligible Retail Shareholders will not make any capital gain or loss, or derive assessable income, from exercising the Entitlements or subscribing for the New Shares or any Additional New Shares.

### *Lapse of Entitlements*

On the basis that no proceeds will be received by Eligible Retail Shareholders who allow their Entitlements to lapse, no income tax consequences should arise for those Eligible Retail Shareholders.

## 8.2 New Shares and Additional New Shares

### *Taxation of income for Eligible Retail Shareholders*

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares and, in the Company's sole discretion, any Additional New Shares. Any future dividends or other distributions made in respect of those New Shares and any Additional New Shares will be subject to the same taxation treatment as dividends or other distributions made on Shares held in the same circumstances.

For Eligible Retail Shareholders to be eligible for a tax offset in relation to any franking credits attached to a dividend paid by the Company on the New Shares and any Additional New Shares, they will need to hold the New Shares or any Additional New Shares *at risk* for at least 45 days, not counting the day of acquisition or disposal (referred to as the *holding period rule*). The holding period rule generally only needs to be satisfied once for the New Shares and any Additional New Shares and will apply in respect of the New Shares and any Additional New Shares beginning on the day after the day on which the Eligible Retail Shareholder acquires the New Shares or any Additional New Shares. This rule does not apply if the Eligible Retail Shareholder is an individual where the total franking credits entitlement for the year of income of the individual in which the dividend is received is below A\$5,000.

### *Taxation of disposals for Eligible Shareholders*

The disposal of New Shares and any Additional New Shares will give rise to a CGT event for Eligible Retail Shareholders. Eligible Retail Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares or any Additional New Shares. The cost base of those Shares is described above, but, for these



purposes, the cost base should also include a reasonable apportionment of the non-deductible incidental costs on disposal and any interest paid in respect of borrowings used to acquire those Shares that was not otherwise deductible to the Eligible Retail Shareholder.

New Shares will be treated for the purposes of the CGT rules as having been acquired when the Eligible Retail Shareholder exercised the Entitlement to subscribe for them. New Shares under the Top Up Offer will be treated for the purposes of the CGT discount as having been acquired when the Company issues or allots those Additional New Shares. In order to benefit from the CGT discount that may be available to individuals, trusts and complying superannuation funds in respect of a disposal of the New Shares or any Additional New Shares, the New Shares or any Additional New Shares must have been held for at least 12 months before disposal.

#### *Taxation of a return of capital by the Company*

Where a return of capital is made by the Company, the cost base and reduced cost base of the Eligible Retail Shareholder's New Shares or any Additional New Shares for CGT purposes will be reduced by the amount of the return of capital, with any excess over the cost base triggering a capital gain. In some circumstances, where the Eligible Retail Shareholder disposes of their New Shares or any Additional New Shares in the period between becoming entitled to the return of capital and the actual payment of the return of capital, the Eligible Retail Shareholder will generally make a capital gain equal to the amount of the return of capital. The amount returned may also include a dividend component, or be deemed under taxation law to include a dividend component, which will be subject to tax as set out above.

### **8.3 Goods and Services Tax and Stamp Duty**

Australian GST or stamp duty should not be payable in respect of the issue or exercise of the Entitlements or the acquisition of New Shares and any Additional New Shares pursuant to the Retail Entitlement Offer. Eligible Retail Shareholders may be charged GST on third party acquisitions (such as brokerage or advisor fees) in respect of the issue or exercise of the Entitlements or the acquisition of those New Shares or any Additional New Shares, depending on their individual circumstances.

## **9. Underwriting**

The Company has entered into an underwriting agreement with the Underwriters (**Underwriting Agreement**). Under the Underwriting Agreement, the Underwriters were appointed by the Company on an exclusive basis, to act as joint lead managers, underwriters and bookrunners for the Entitlement Offer and Placement. The obligations of the Underwriters are subject to the satisfaction of certain conditions precedent, including:

- (a) ASX not indicating that it will not admit the New Shares to quotation; and
- (b) receipt by the Underwriters of certain customary opinions and reports from the Company and its advisers.

The Company has (subject to certain limitations) agreed to indemnify the Underwriters and their respective affiliates, successors or Related Bodies Corporate and the respective directors, officers, agents, employees, representatives or advisers of each Underwriter or any of their respective affiliates, successors or Related Bodies Corporate against losses in connection with the Entitlement Offer. The Company and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Entitlement Offer. The Underwriters may each terminate the Underwriting Agreement and be released from their respective obligations if any of a range of events occur and provided in some instances that the event would amongst other things, have a material adverse effect on the



success, marketing or settlement of the Entitlement Offer, the value of the securities of Mayne Pharma or the willingness of investors to subscribe for securities to be issued under the Entitlement Offer. A summary of these key termination events is set out below.

The Underwriters will be remunerated by the Company for providing these underwriting services at market rates and be reimbursed for certain expenses. The Underwriters have not authorised or caused the issue of, and take no responsibility for, this Retail Offer Document, and to the maximum extent permitted by law, disclaim all liability in connection with the Entitlement Offer, the Placement and this Retail Offer Document.

Each Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events on or prior to the settlement date of the Retail Entitlement Offer, including (but not limited to) where:

- (a) the Company is removed from the official list of ASX or the Shares cease to be quoted or are suspended from quotation by ASX for one or more ASX trading days for any reason other than in connection with the Entitlement Offer;
- (b) there are material disruptions in financial or economic conditions in key markets or hostilities commence or escalate in certain key countries;
- (c) a statement contained in the offer materials is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, or there are no reasonable grounds for making any statements relating to future matters in the offer materials; and
- (d) there is a material adverse change in the financial position or performance, assets, liabilities, profits, losses, results, condition, operations or prospects of the Company or any of its subsidiaries.

In addition, until the Institutional Settlement Date (as defined in the Underwriting Agreement), there are certain additional events which trigger termination or restructure of the Underwriting Agreement.

Please note that the above is not an exhaustive list of the termination events in the Underwriting Agreement.

Each Underwriter will be paid in equal portions:

- an underwriting fee of 1.5% (excluding GST) of the Entitlement Offer proceeds; and
- a management fee of 1.0% (excluding GST) of the Entitlement Offer proceeds.

Mayne Pharma may, in its absolute discretion, consider paying one or both of the Underwriters an incentive fee (in aggregate) of up to 0.5% (excluding GST) of the Entitlement Offer proceeds. Each Underwriter will also be reimbursed for certain expenses.

Neither the Underwriters nor any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this document and they do not take any responsibility for this document or any action taken by you on the basis of information contained in this document. To the maximum extent permitted by law, each of the Underwriters and their respective related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Neither each respective Underwriter nor any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement

Offer, nor do they make any representations or warranties to you concerning this Entitlement Offer or any such information, and you represent, warrant and agree that you have not relied on any statements made by either Underwriter or any of their respective related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Entitlement Offer generally.

Each Underwriter may hold interests in the securities of Mayne Pharma or earn brokerage, fees or other benefits from Mayne Pharma.

## 10. Financial data

The pro forma historical financial information included in this Retail Offer Document and the accompanying Investor Presentation does not purport to be in compliance with Article 11 of Regulation S-X under the U.S. Securities Act and was not prepared with a view toward compliance with the published guidelines of the U.S. Securities and Exchange Commission or the American Institute of Certified Public Accountants.

## 11. Information availability

Eligible Retail Shareholders in Australia or New Zealand can obtain a copy of this information during the period of the Retail Entitlement Offer by calling the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am to 5.00pm (Melbourne time) Monday to Friday during the Retail Entitlement Offer Period. A replacement Application and Entitlement Form can be requested by calling the Share Registry.

## 12. Forward-looking statements and future performance

Neither the Company, its officers, employees, agents, associates and advisers, nor any other person warrants or guarantees the future performance of the New Shares, any Additional New Shares or any return on any investment made pursuant to the information in this Retail Offer Document. Forward looking statements, opinions and estimates provided in the information in this Retail Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. These statements can generally be identified by the use of words such as “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “predict”, “guidance”, “plan” and other similar expressions. Any forward looking statements including projections, guidance on future production, sales, earnings, dividends, and other estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Board, including the risks described in the accompanying Investor Presentation, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Retail Offer Document.

### 13. Past performance

Past performance information given in this Retail Offer Document is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Retail Offer Document is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

# Glossary

Term	Definition
Additional New Share	A New Share offered and issued under the Top Up Offer
Applicant	An Eligible Retail Shareholder who applies for New Shares under this Retail Offer Document
Application	An application for a specified number of New Shares by an Applicant under this Retail Offer Document
Application and Entitlement Form	The personalised form for participation in the Retail Entitlement Offer attached to or accompanying this Retail Offer Document
Application Monies	Funds accompanying a completed Application and Entitlement Form or funds paid by BPAY®
ASIC	Australian Securities and Investments Commission
ASX Settlement Rules	The Settlement Operating Rules made by ASX Settlement Pty Limited ACN 008 504 532
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires
ASX Listing Rules	The listing rules of ASX
Board	The Directors acting as a board of the Company
CGT	Capital Gains Tax
Closing Date	The date on which the Retail Entitlement Offer closes, expected to be 5.00pm (Melbourne time) on Friday, 15 July 2016
Company or Mayne Pharma	Mayne Pharma Group Limited ACN 115 832 963
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	The directors of the Company
Eligible Retail Shareholder	As defined in Section 1.1 of this Retail Offer Document
Entitlement	The number of New Shares each Eligible Retail Shareholder is offered under the Retail Entitlement Offer as designated on their Application and Entitlement Form
Entitlement Offer	The fully underwritten pro-rata accelerated non-renounceable entitlement offer of 1 New Share for every 1.725 Existing Shares at A\$1.28 per New Share
Excess Amount	Any monies in excess of the full amount of Application Monies for an Eligible Retail Shareholder's whole Entitlement
Existing Shares	Shares on issue at the Record Date
FDA	US Food and Drug Administration
GST	Good and Services Tax
Institutional Entitlement Offer	Has the meaning given in the Chairman's Letter
Investor Presentation	The investor presentation released to ASX on 28 June 2016 and included and forming part of this Retail Offer Document
Issue Price	The price payable for one New Share under the Entitlement Offer or A\$1.28
Melbourne time	The time in Melbourne, Australia
New Share	A Share offered and issued under the Entitlement Offer

Term	Definition
Non Eligible Foreign Shareholder	A Shareholder with an address in the Company's share register outside Australia or New Zealand, unless the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous
Offer Period	Monday, 4 July 2016 to Friday, 15 July 2016 or any other date as may be determined by the Company
Placement	Has the meaning given in the Chairman's Letter
Record Date	7.00pm (Melbourne time) on Thursday, 30 June 2016
Retail Entitlement Offer	The retail component of the Entitlement Offer being the offer of 1 New Share for each 1.725 Existing Shares on the terms set out in this Retail Offer Document to Eligible Retail Shareholders
Retail Offer Document	This document
Section	Means a section of this Retail Offer Document
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of at least one Share as recorded on the Company's share register
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277
Top Up Offer	The offer described in Section 1.3 of this Retail Offer Document
Underwriters	Credit Suisse (Australia) Limited ABN 94 007 016 300 UBS AG, Australia Branch ABN 47 088 129 613
Underwriting Agreement	As defined in Section 9 of this Retail Offer Document

## Corporate Directory

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### *Directors*

- Roger Corbett, AO (Chairman)
- The Hon. Ron Best
- Phil Hodges
- Bruce Mathieson
- Scott Richards
- Bruce Robinson, AM
- Ian Scholes

### *Registered Office*

- 1538 Main North Road  
Salisbury South, South Australia 5106

### *Share Registry*

- Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford, Victoria 3067

### *Chief Executive Officer and Managing Director*

- Scott Richards

### *Company Secretary*

- Mark Cansdale

### *Australian Lawyers to the Offer*

- Minter Ellison  
Level 23, Rialto Towers  
525 Collins Street  
Melbourne, Victoria 3000

### *Underwriters*

- Credit Suisse (Australia) Limited  
Level 41, 101 Collins Street  
Melbourne, Victoria 3000  
  
and
- UBS AG, Australia Branch  
8 Exhibition Street  
Melbourne, Victoria 3000