Manager, Company Announcements
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

31 August 2011

Via E-Lodgement

Dear Sir/Madam

Mayne Pharma Group
Preliminary Final Report and accompanying announcement

Please find attached the Appendix 4E Preliminary Final Report and accompanying announcement relating to the results for the year ended 30 June 2011.

This announcement comprises the information required by ASX Listing Rule 4.3A.

Yours faithfully,
Mayne Pharma Group Limited

Mark Cansdale
Chief Financial Officer and Company Secretary

ANNOUNCEMENT

MAYNE PHARMA REPORTS FINAL RESULT

31 August 2011, Melbourne Australia: Mayne Pharma Group Limited (ASX: MYX) today released its results for the year ending 30 June 2011 with revenue of $50.1m and underlying EBITDA of $9.2m. Reported net profit after tax for the same period was $1.7m.

Mayne Pharma's CEO, Dr Roger Aston said "While the FY11 result was significantly impacted by currency and the contraction in Doryx® pipeline inventories held in the US, the Company has made significant progress during the year on registering SUBACAP® in the European Union, reducing debt levels and has expanded the sales of products in the portfolio other than Doryx® and has restructured the business to drive efficiencies across the operations."

As previously announced, unfavourable exchange rate movements have had a significant impact, reducing earnings by $3m year on year with the average $US dollar exchange rate settled increasing by approximately 14% compared to the 12 months ended 30 June 2010.

Although Doryx® sales in the US were down significantly during the period, sales of other products were up 18% on the full 12 month FY10 result[1] driven by increased sales and marketing activity in our Australian proprietary products group and expanded marketing effort by our international pharmaceutical marketing partners.

FY11 Results

	Reported ($m)	Adjustments[2] ($m)	Underlying ($m)
Sales	50.1	-	50.1
Gross profit	23.2	-	23.2
EBITDA	**7.9**	**1.3**	**9.2**
Depreciation	(1.8)	-	(1.8)
EBITA	**6.1**	**1.3**	**7.4**
Amortisation	(6.1)	-	(6.1)
EBIT	**-**	**1.3**	**1.3**
Net interest	(1.5)	-	(1.5)
NPBT	**(1.5)**	**1.3**	**(0.2)**
Income tax expense	3.2	(0.3)	2.9
NPAT	**1.7**	**1.0**	**2.7**
EPS (cps)	1.1		
Net operating cash flows	4.1		
Cash at bank	5.8		

1. The reported results for FY10 only included a contribution from Mayne Pharma International P/L for 8 months. Analysis has been provided against the full 12 month period to provide a more meaningful comparison.
2. Adjustments comprise $1.1m provision for the value of Doryx® inventory that is yet to be approved by the FDA, $0.8m non-cash reduction in earn-out liability plus a previously indicated item, the one off redundancy costs of $1.0m for the restructure of the Salisbury production site to improve efficiencies and increase capacity utilisation. The cost savings from the operational restructure are expected to be $2.9m annually.

Operating performance

Doryx®

Mayne Pharma's major proprietary product Doryx®, is one of the most widely prescribed, branded doxycycline drugs for the treatment of severe acne in the US. Doryx® is formulated as a slow-release, patent formulation which offers improved characteristics in comparison to the generic doxycycline products and has been on sale since 1985. Sales of Doryx®, representing $20.9m or 42% of sales, were down 46% on the full 12 month FY10 result driven by the continued and unprecedented strength of the Australian dollar and a contraction in pipeline inventories in the US as stocks of the current product were run down in preparation for the launch of a new Doryx® dosage form by the Company's US marketing and distribution partner, Warner Chilcott. Furthermore, US sales of Doryx® were also significantly affected as the distributor implemented changes to its Doryx® customer loyalty card program which has materially reduced prescription volumes to date in calendar year 2011.

As announced on 5 July 2011, the US Food and Drug Administration (FDA) identified deficiencies in the submission for a new dosage strength and Warner Chilcott and Mayne Pharma are working together to rectify these. The Company holds a granted US patent for Doryx® which expires in 2022 and remains relentless in defending its proprietary position.

Astrix®

Astrix® remains the number one prescribed low dose aspirin in Australia and contributed 16% of revenue in FY11 ($8.1m). Global sales of Astrix® were up 27% on the full 12 month FY10 result following the implementation of new marketing programs that included the launch of a consumer website and the appointment of HealthOne to promote the brand in pharmacies. The Company also initiated marketing to GPs for the first time in many years. In Korea, Astrix® is the 2nd largest low dose aspirin product and sales continue to grow through our marketing partner, Boryung. New formulations of Astrix® are under development to expand the product offering to patients.

Contract manufacturing

Sales revenue from the contract manufacturing of liquids and creams, representing 21% of sales, was up 11% on the full 12 month FY10 period as a result of new grocery product lines introduced by our customers.

This will be an area of renewed focus for the Company going forward. Additional resources will actively market Mayne Pharma's offering in this area to expand the contract manufacturing client base.

Regional performance

Australian sales revenue which represents almost 45% of the Group's sales was up 16% on the full 12 month FY10 period driven by the proprietary products division (Astrix®, Doryx®, Eryc® and Magnoplasm®). This follows the acquisition of the marketing and distribution rights from Hospira in March 2010.

Canadian and Korean sales which represent 10% of the Group's sales were up 30% on the full 12 month FY10 period due to expanded marketing efforts by Boryung for Astrix® low dose aspirin capsules in Korea, Pfizer for Eryc® antibiotic capsules in Canada and Abbott Inc. for the Kadian® extended release morphine product in Canada.

Cash flow

Net operating cash generated before tax payments was $7.0m. Cash on hand at 30 June 2011 was $5.8m, representing a decrease of $13.9m from 30 June 2010. This movement was driven by several key items: $6.6m in earn-out paid to Hospira for the acquisition of Mayne Pharma International Pty Ltd, $5.1m in loan repayments, $4.5m dividend payments, $2.9m in tax payments and $2.1m in capital expenditure of which the largest component was for equipment related to the future commercialisation of SUBACAP® and for other tablet manufacturing.

The US$10m loan facility has been reduced to US$1.25m as at the end of July (30/6/11:US$2.5m; 30/6/2010:US$7.5m) and will be completely paid down by the end of October 2011 making the Company debt free.

Dividend

The Board of Mayne Pharma has decided to preserve the company's capital and no final dividend will be declared or paid. Suspending the dividend will contribute to strengthening the Company's balance sheet and enhance its financial flexibility.

The Board will make a decision in respect of future dividends after assessing the Company's operating performance at each half and outlook at that time.

SUBACAP®

During FY11, the Company submitted a Marketing Authorisation Application in the European Union for SUBACAP®. SUBACAP® is an improved version of an existing drug used to treat fungal infections (itraconazole) and will target the current global itraconazole market (estimated at US$550m; Thomson Reuters, 2010) with potential to also target the worldwide terbinafine (Lamisil®) market (estimated at US$700m; Thomson Reuters, 2010).

The Company is currently responding to the EU Regulators' questions about the SUBACAP® dossier and remains on on track for launch in the EU during FY12 subject to regulatory approval and the appointment of a marketing and distribution partner. The Company continues to progress negotiations with a number of interested parties around the world for the licensing of SUBACAP®.

Following a successful Phase II clinical study in the US that demonstrated SUBACAP® will offer a safe, lower dose alternative to the conventional itraconazole capsule formulation (Sporanox®), the Company attended an End-of-Phase II meeting with the FDA to discuss the trial results and also review the completed pharmacokinetic studies. Following review of this US study data, and as expected, the FDA has requested that the Company initiate a Phase III program in order to confirm the results of the Phase II study in a larger cohort.

At the request of the FDA, the Company will be seeking a pre-Phase III meeting with the FDA before the end of 2011. During the pre-Phase III meeting the Company will seek confirmation on the design, clinical endpoints, scope and size of the Phase III program. The Company will be aiming to replicate the results of the Phase II clinical trial and to clearly differentiate SUBACAP® from the existing conventional itraconazole capsules. The Company anticipates completion of the study by the end of FY13, with NDA filing to then follow.

New Business

Mayne Pharma recently entered into an agreement with New Zealand pharmaceutical company, AFT Pharmaceuticals, to manufacture and supply a new topical antibacterial cream. It is an effective non-prescription cream that successfully kills the bacteria associated with acne. Mayne Pharma will work together with AFT Pharmaceuticals to obtain regulatory approval to expand the distribution of this product from New Zealand into Australia and then the US. In the US, the topical acne market is valued at over $1 billion. The Company is confident that this is the first of several opportunities that will develop as a result of the partnership with AFT Pharmaceuticals.

Outlook

Lifecycle management of Doryx has been a focus for Mayne Pharma since the launch of Doryx® capsules in the US and Australia in 1985. The Company has successfully reformulated Doryx® from capsules into tablets in 2005 and subsequently released a new Doryx® 150mg tablet in 2008. In order to protect Doryx® market position, Mayne Pharma is continuing to work with Warner Chilcott on a number of lifecycle management activities.

Although the outlook for Doryx® is uncertain with the 30 month stay on Doryx® 150mg tablets expiring during September 2011, it is unclear as yet whether a generic company will launch at-risk on the Doryx® 150mg formulation. If this occurs, Mayne Pharma and Warner Chilcott will initiate legal action seeking damages against those companies. The Company continues to vigorously defend the Doryx® patent underpinning the marketing exclusivity for Doryx® in the US and to seek out of court settlements with the remaining Paragraph IV applicants.

The Company will also build on its success in expanding the sales and marketing of its Australian proprietary product portfolio including Astrix®, Doryx®, Eryc® and Magnoplasm®. In FY12, HealthOne's portfolio will be expanded to include Magnoplasm®, which is a drawing ointment used to treat skin infections such as boils and can also remove splinters and other foreign bodies.

The Company continues to progress its discussions with a number of potential parties to expand the distribution of its proprietary products globally. New partnership opportunities are being explored for Doryx®, Astrix®, Eryc® and Kadian®/Kapanol®.

In addition, the Company will seek to build on its platform through in-licensing and acquisition of products that are either commercialised or nearing commercialisation. The Company will continue to invest in developing and commercialising improved pharmaceuticals and formulation activities have started on one new drug candidate that will incorporate the Company's drug delivery technology.

SUBACAP®, the new product closest to commercialisation, remains on target for launch in the EU in FY12. Once approval in the EU has been granted this dossier will be used to support the regulatory process in select Asian and South American countries. The Company will also be seeking a meeting with the Therapeutic Goods Administration in FY12 to discuss the regulatory process required for approval in Australia.

-ENDS-

For further information contact:

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Mayne Pharma Profile:

Mayne Pharma Group Limited (Mayne Pharma) is an Australian specialist pharmaceutical company with an intellectual property portfolio built around the optimisation and delivery of oral dosage form drugs.

Mayne Pharma has a long and successful history of developing and commercializing improved pharmaceuticals and has launched and marketed numerous products through partnerships with licensees in various countries around the world. Mayne Pharma focuses on delivering to patients improved versions of existing drugs in order to advance safety, efficacy or ease of administration.

A technology driven company, Mayne Pharma has a significant product portfolio and pipeline, global reach through distribution partners in Australia, USA, Europe and Asia and a manufacturing facility based in Salisbury, South Australia that employs over 130 people on a 32 acre site. The facility also undertakes the manufacture of products under contract for third parties to TGA, FDA and EU regulatory guidelines.

MAYNE PHARMA GROUP LIMITED

ABN 76 115 832 963

APPENDIX 4E
PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011

(Previous corresponding period: The year ended 30 June 2010, noting that it included the results of Mayne Pharma International Pty Ltd for the period 29 October 2009 to 30 June 2010 only.)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	% Change	Current period 2011 $'000	Previous corresponding period [1] 2010 $'000
Revenue from ordinary activities	**Up 36%**	**50,101**	36,713
Profit from ordinary activities before income tax expense	**NM[2]**	**(1,504)**	605
Profit from ordinary activities after income tax expense	**Down 48%**	**1,679**	3,253
Net profit attributable to members	**Down 48%**	**1,679**	3,253

	Current period 2011	Previous corresponding period[1] 2010
Net tangible asset backing per ordinary share	**10.5 cents**	4.2 cents
Net asset backing per ordinary share	**15.9 cents**	17.2 cents

Basic earnings per share	**1.12 cents**	2.64 cents
Diluted earnings per share	**1.10 cents**	2.55 cents
Final dividend in respect of the financial year ended 30 June 2011 (2010) per share	**Nil**	2.0
Special dividend in respect of the period ended 31 December 2010 (2009) per share	**1.0**	Nil

The Board has not declared a final dividend in relation to the year ended 30 June 2011.

All dividends were fully franked at the corporate income tax rate (2010: 30%; 2009: 30%). No dividend reinvestment plan has operated for any dividends paid.

1. The previous corresponding period only includes the results of Mayne Pharma International Pty Ltd for 8 months, following its acquisition in October 2009.
2. NM – not measurable

COMMENTARY ON OPERATING PERFORMANCE

Readers of this report should note that the previous corresponding period only includes a contribution from Mayne Pharma International Pty Ltd (MPI) for eight months, compared to 12 months in the current period and this can make straight comparison between periods misleading. Commentary has been provided on MPI sales results for the full 12 month FY10 period and the actual reported results to enable better understanding of the underlying performance of the business.

Revenue

Doryx®

Sales of Doryx®, the Group's key proprietary product representing $20.9m or 42% of sales were down 46% on the full 12 month FY10 result (down 9% on the eight month contribution in the previous period of $23.1m), driven by the continued and unprecedented strength of the Australian dollar and a contraction in pipeline inventories in the US.

Unfavourable exchange rate movements had a significant impact reducing earnings by approximately $3m year on year with the average $US dollar settled exchange rate increasing by approximately 9% compared to the prior period (eight months of MPI) and 14% against the full 12 month period.

Sales of Doryx® were also significantly affected as the distributor ran down stocks of the current product in preparation for the launch of a new Doryx® dosage form in the US. Sales were further impacted as the Company's US distributor implemented changes to its Doryx® customer loyalty card program which has materially reduced prescription volumes to date in calendar year 2011.

Astrix®

Astrix® remains the number one prescribed low dose aspirin in Australia and contributed 16% of revenue in FY11 ($8.1m). Sales of Astrix® were up 27% on the full 12 month FY10 result (up 88% on the eight month contribution in the previous period of $4.3m) following the implementation of new marketing programs that included the launch of a consumer website and the appointment of HealthOne to promote the brand in pharmacies. The Company also initiated marketing to GPs for the first time in many years. In Korea, Astrix® is the 2nd largest low dose aspirin product and sales continue to grow through our marketing partner, Boryung.

Contract manufacturing

Sales revenue from the contract manufacturing of liquids and creams was $10.6m and represented 21% of sales. This result was up 11% on the full 12 month FY10 period (or 86% on the $5.7m reported for the prior corresponding period) as a result of new grocery product lines introduced by our customers.

Other income

The main component of other income is the revenue earned from contract R&D work undertaken on behalf of third parties. In FY11, the Group worked on the new dosage strength of Doryx® for the US market on behalf of Warner Chilcott.

Regional performance

Australian sales at approximately $22m represent almost 45% of the group's sales and revenue was up 16% on the full 12 month FY10 period (or 94% on the $11.7m contribution for MPI in the eight month previous corresponding period) driven by the proprietary products division (Astrix®, Doryx®, Eryc® and Magnoplasm®). This follows the acquisition of the marketing and distribution rights from Hospira in March 2010.

Canadian and Korean sales which represent 10% of group sales were up 30% on the full 12 month FY10 (or 113% on the $2.2m reported in the previous corresponding period) through expanded marketing efforts by Boryung for Astrix® low dose aspirin capsules in Korea, Pfizer for Eryc® antibiotic capsules in Canada and Abbott Inc. for the Kadian® extended release morphine product in Canada.

Gross margin

Overall gross margin decreased compared to the previous corresponding period (51% down from 54%) due to the impact of foreign exchange and a change in product mix as sales of products other than Doryx® increased as a percentage of revenue.

Expenses

Marketing costs increased during the period from $0.1m to $0.7m reflecting the employment of additional resources internally and the engagement of HealthOne to generate additional sales of Astrix®.

Additional resources were employed in the Regulatory Affairs team, and this combined with the continued progression of SUBACAP® through the registration processes in the US and EU added to the increased costs in this part of the business.

The increase on administrative expenses ($6.8m up from $4.3m) largely reflects the difference in the number of months reported in the previous corresponding period. In addition, a Business Development team was built up during the year which also contributed to the increase in administration costs. Additional tax and other consulting costs were incurred during the period in relation to the tax treatment of matters following the acquisition and a review of the MPI product costing system.

The increase in finance costs reflects in FY11 a full year of the notional interest charge on the unwinding of the discount on the earn-out. Actual interest expense has reduced as the USD loan was repaid.

The June restructuring of the Salisbury production site, undertaken to improve efficiencies and increase capacity utilisation, gave rise to redundancy and restructuring costs of $1.0m while a provision of $1.1m was raised during the period for the write-down of the value of Doryx® inventory that is yet to be approved by the FDA.

Amortisation of intangible assets arising on the acquisition of MPI amounted to $6.1m for the period compared to $5.3m in the previous period. The intangible assets are amortised on a diminishing value basis that delivers higher amortisation charges in the earlier years of the assets' useful lives.

Earn-out liability

The carrying value of the earn-out liability has decreased by $5.9m to $15.0m as a result of:

- the increase of $1.5m recognised as a notional non-cash interest charge and included in finance costs;
- a change in the assumptions used in calculation of the earn-out which resulted in a non-cash reduction of $0.8m. The key drivers of the impact were a re-assessment of the AUD/USD exchange rate and a change in the applicable revenue forecasts to be earned over the earn-out period; and
- a payment of $6.6m in February 2011, representing the instalment for the 2010 calendar year.

Tax

The consolidated tax group has unutilised tax losses of $2.8m as at 30 June 2011 that have been recognised as a Deferred Tax Asset for the first time following a review of whether the Group met the Continuity of Ownership Test required under the Tax Act. Losses of approximately $0.4m have been offset against the taxable income of the Group during the period.

Cash flow

Net operating cash generated before tax payments was $7.0m. Cash on hand at 30 June 2011 was $5.8m, representing a decrease of $13.9m from 30 June 2010. This movement was driven by several key items: $6.6m in earn-out paid to Hospira for the acquisition of MPI, $5.1m in loan repayments, $4.5m dividend payments, $2.9m in tax payments and $2.1m in capital expenditure of which the largest component was for equipment related to the future commercialisation of SUBACAP® and other tablet manufacturing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2011

	Current Period 2011 $'000	Previous Corresponding Period[1] 2010 $'000
Revenues from continuing operations		
Sale of goods	45,700	34,371
Royalties revenue	1,333	1,048
Other Revenue	3,068	1,294
Total revenue	**50,101**	**36,713**
Cost of sales	(26,861)	(17,920)
Inventory revaluation on acquisition	-	(333)
Gross profit	**23,240**	**18,460**
Other income	-	331
Other expenses	(799)	-
Research and development expenses	(5,974)	(5,053)
Distribution expenses	(614)	(344)
Marketing expenses	(709)	(131)
Regulatory affairs expenses	(641)	(260)
Share-based payments	-	(1,002)
Amortisation expense	(6,098)	(5,318)
Administrative expenses	(6,771)	(4,252)
Finance costs	(1,812)	(1,480)
Reduction in earn out liability	794	-
Acquisition costs	-	(346)
Restructure & redundancy costs	(1,005)	-
Inventory write down	(1,115)	-
Profit before income tax	**(1,504)**	**605**
Income tax benefit	3,183	2,648
Net profit for the period	**1,679**	**3,253**
Other comprehensive income	-	-
Total comprehensive income for the period	**1,679**	**3,253**

1. The comparatives for cost of sales, R&D, distribution, marketing and administration expenses have been adjusted to reflect current presentation.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2011

	Current Period 30 June 2011 $'000	Previous Corresponding Period 30 June 2010 $'000
Current assets		
Cash and cash equivalents	5,807	19,709
Trade and other receivables	5,697	5,999
Inventories	6,423	6,499
Income tax receivable	630	-
Other current assets	281	321
Total current assets	**18,838**	**32,528**
Non-current assets		
Property, plant and equipment	21,457	21,047
Deferred tax assets	5,199	3,347
Intangible assets and goodwill	8,183	14,226
Total non-current assets	**34,839**	**38,620**
Total assets	**53,677**	**71,148**
Current liabilities		
Trade and other payables	3,848	3,927
Interest-bearing loans and borrowings	2,339	7,587
Income tax payable	-	2,586
Other financial liabilities	5,837	6,549
Provisions	2,915	2,518
Total current liabilities	**14,939**	**23,167**
Non-current liabilities		
Interest-bearing loans and borrowings	-	1,027
Other financial liabilities	9,283	14,392
Deferred tax liabilities	4,478	5,549
Provisions	803	1,464
Total non-current liabilities	**14,564**	**22,432**
Total liabilities	**29,503**	**45,599**
Net assets	**24,174**	**25,549**
Equity		
Contributed equity	31,870	29,649
Reserves	960	1,714
Accumulated losses	(8,656)	(5,814)
Total equity	**24,174**	**25,549**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2011

	Current Period 2011 $'000	Previous Corresponding Period 2010 $'000
Cash flows from operating activities		
Cash receipts from customers	52,441	38,184
Cash payments for R&D expenditure	(6,482)	(5,345)
Cash payments to suppliers and employees	(39,000)	(22,367)
Interest received	264	206
Interest paid	(220)	(348)
Tax paid	(2,917)	(39)
Net cash flows from operating activities	**4,086**	**10,291**
Cash flows from investing activities		
Payments for property, plant and equipment	(2,063)	(399)
Payments for acquisition of subsidiaries	-	(18,384)
Payments for acquisition of operating licenses	(41)	-
Net cash flows used in investing activities	**(2,104)**	**(18,783)**
Cash flows from financing activities		
Proceeds from issue of shares	1,467	14,161
Payment of share issue costs	-	(750)
Proceeds from borrowings	-	10,722
Repayment of borrowings	(5,057)	(2,739)
Payment of earn-out liability instalment	(6,556)	(1,095)
Payment of dividend	(4,521)	-
Net cash flows (used in)/from financing activities	**(14,667)**	**20,299**
Net (decrease)/increase in cash held	**(12,685)**	**11,807**
Cash and cash equivalents at the beginning of the period	19,709	7,937
Effect of foreign exchange changes on cash held in foreign currencies	(1,217)	(35)
Cash and cash equivalents at the end of the period	**5,807**	**19,709**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

	Contributed equity	Reserves	Accumulated losses	Total
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 July 2010	**29,649**	**1,714**	**(5,814)**	**25,549**
Profit for the year	-	-	1,679	1,679
Shares issued	1,467	-	-	1,467
Share options exercised	754	(754)	-	-
Dividends paid	-	-	(4,521)	(4,521)
Balance at 30 June 2011	**31,870**	**960**	**(8,656)**	**24,174**
Balance at 1 July 2009	**15,869**	**902**	**(9,067)**	**7,704**
Profit for the year	-	-	3,253	3,253
Shares issued	13,590	-	-	13,590
Share options exercised	190	(190)	-	-
Share options issued	-	1,002	-	1,002
Balance at 30 June 2010	**29,649**	**1,714**	**(5,814)**	**25,549**

1. BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The preliminary final report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The preliminary final report covers the consolidated group of Mayne Pharma Group Limited and its controlled entities (economic entity). Mayne Pharma Group Limited is a listed public company, incorporated and domiciled in Australia.

The preliminary final report of Mayne Pharma Group Limited and its controlled entities complies with all International Financial Reporting Standards in their entirety.

Reporting basis and conventions

The preliminary final report has been prepared on an accruals basis and is based on historical costs.

2. DIVIDENDS

Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
Final dividend:	Current year	Nil	N/A	Nil
	Previous year	2.0 cents	100%	Nil
Interim/special dividend:				
	Current year	1.0 cent	100%	Nil
	Previous year	Nil	N/A	N/A

Total dividend per security (interim *plus* final)

	Current Period 2011	**Previous Corresponding Period 2010**
Ordinary securities	1.0 cent	2.0 cents
Preference securities	N/A	N/A

3. CONSOLIDATED RETAINED PROFITS

	Current Period 2011 $'000	Previous Corresponding Period 2010 $'000
Accumulated losses at the beginning of the period	(5,814)	(9,067)
Net profit attributable to members	1,679	3,253
Dividends paid	(4,521)	-
Accumulated losses at the end of the period	(8,656)	(5,814)

4. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the key management personnel (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the individual entity in the Group operates. Discrete financial information about each of these operating segments is reported to the key management personnel on at least a monthly basis.

The consolidated entity operates in two operating segments, being Mayne Pharma International Pty Ltd (MPI) and Mayne Pharma Group Limited (MPG), and one geographical location, being Australia. The MPI segment provides optimisation, manufacture and delivery of oral dosage form drugs and has a long and successful history in developing and commercialising improved pharmaceuticals.

The MPG segment's main activity, in addition to the provision of corporate activities, is the development and commercialisation of a new product, SUBACAP®.

Year ended 30 June 2011	**MPI**	**MPG**	**Total consolidated**
	$'000	**$'000**	**$'000**
Sale of goods	45,700	-	45,700
Other revenue	4,401	-	4,401
Revenue	**50,101**	**-**	**50,101**
Cost of sales	(26,861)	-	(26,861)
Gross profit	**23,240**	**-**	**23,240**
Other income	-	1,093	1,093
Amortisation of intangible assets	(6,084)	-	(6,084)
Other expenses	(13,625)	(6,128)	(19,753)
Profit/(loss) before income tax	**3,531**	**(5,035)**	**(1,504)**
Income tax benefit	(103)	3,286	3,183
Net profit/(loss) for the period	**3,428**	**(1,749)**	**1,679**
Assets	51,784	1,893	53,677
Liabilities	11,306	18,197	29,503

4. SEGMENT INFORMATION (cont)

Year ended 30 June 2010

	MPI (8 months)	MPG (12 months)	Total consolidated
	$'000	**$'000**	**$'000**
Sale of goods	34,371	-	34,371
Other revenue	2,197	145	2,342
Revenue	**36,568**	**145**	**36,713**
Cost of sales	(17,920)	-	(17,920)
Inventory revaluation on acquisition	(333)	-	(333)
Gross profit	**18,315**	**145**	**18,460**
Other income	538	(207)	331
Other expenses	(10,204)	(7,982)	(18,186)
Profit/(loss) before income tax	**8,649**	**(8,044)**	**605**
Income tax benefit	(570)	3,218	2,648
Net profit/(loss) for the period	**8,079**	**(4,826)**	**3,253**
Assets	63,985	7,164	71,149
Liabilities	15,299	30,301	45,600

5. EARNINGS PER SHARE (EPS)

	Economic entity	
	Current Period 2011 '000	Previous Corresponding Period 2010 '000
Net profit	$1,679	$3,253
Earnings used to calculate basic and diluted EPS	$1,679	$3,253
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	150,385	123,209
Weighted average number of options on issue outstanding net of lapses	2,840	4,139
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	153,225	127,348

6. INCOME TAX

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax benefit as follows:

	Current Period 2011 $'000	Previous Corresponding Period 2010 $'000
Accounting (loss)/profit before income tax	(1,504)	605
Prima facie tax benefit/(expense) at 30%	451	(182)
Effect of R&D tax concession	440	229
Adjustment relating to earn-out liability	217	(261)
Overprovision for tax in respect of prior years	461	-
Deferred tax assets not previously brought to account - losses	979	1,159
Tax effect of amounts which are not deductible	(2)	(104)
Restatement of deferred tax balances upon entry into tax consolidation	637	2,108
Share-based payments	-	(301)
Income tax benefit	3,183	2,648

7. COMPLIANCE STATEMENT

This report is based on accounts that are in the process of being audited.

..... Date: 31 August 2011
Mark Cansdale, Company Secretary