



**ANNUAL GENERAL MEETING
INTERCONTINENTAL HOTEL
THE RIALTO, 495 COLLINS ST, MELBOURNE VIC 3000
AT 10.30AM ON 23 NOVEMBER, 2011**

CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen, I'm Roger Corbett, the Chairman of your company.

I welcome you to the 2011 Mayne Pharma Annual General Meeting.

This is my first Annual General Meeting as your Chairman, which is both a privilege and an honour. I shall endeavour to carry out my duties at all times to the best of my ability; serving you, the shareholders, the Board, the management and indeed all of the Mayne Pharma employees.

Let me start by introducing the Board members, senior executives and the company's auditor.

Joining me at the front are my fellow non-executive directors: Bruce Mathieson, Ian Scholes, and Ron Best. Our Chief Executive Officer: Roger Aston and our Chief Financial Officer and Company Secretary: Mark Cansdale

Both Ian Scholes and Bruce Mathieson are standing for formal election today. I would also like to mention and welcome other members of the senior management team of Mayne Pharma. Thankyou for your hard work and commitment this year.

Welcome also to Mr David Peterson, the Company's auditor and other representatives of Ernst and Young.

I'll now outline the procedure for today's meeting. There are three items of business on today's agenda:

1. My Chairman's Report: then
2. Roger Aston will then give a presentation and
3. Then the Formal business part of the meeting where we will discuss the Financial Statements and

reports, the Re-election of non –executive directors: and during other business we will manage the adoption of the Remuneration Report. We will then conclude the meeting.

Might I say at the start that as the Chairman of your company I will continue to work with the board to offer the appropriate stewardship and leadership for a sustainable and profitable future for Mayne Pharma. My fellow board members and I are major shareholders in the business and as such I reassure you that we are all committed to delivering improving results and growth in shareholder wealth.

When I joined the board this time last year, I was excited about the prospects of Mayne Pharma with its drug delivery technology, manufacturing capabilities, product portfolio and 150 years of history in the pharmaceutical industry. The strategy of the Company appealed with its manufacturing platform and history of innovation developing proprietary pharmaceuticals which can benefit from patent protection and offer improvements to patients in safety and efficacy. SUBACAP® our newest product which is close to commercialisation offers improvements over the existing formulation of the antifungal drug, itraconazole, by Johnson & Johnson called Sporanox. Our phase II clinical study in the US demonstrated its advantages in safety and efficacy.

The last 12 months have been impacted by the performance of Doryx® in the US but I am pleased to report that we have made a number of positive announcements on this topic. In September we announced that the FDA had approved a new dual scored formulation of Doryx® which has since been launched in the US. Furthermore, we have an injunction against Mylan, one of the paragraph IV applicants seeking to launch a generic version of Doryx®.

During this next 6 months we will know whether our patent will continue to provide protection until 2022. The Court case to review the patent is currently expected to occur in the 1st quarter of 2012. We are also seeking out of court settlements with the remaining paragraph IV applicants, Mylan, Sandoz and Impax.

In terms of SUBACAP®, the last 12 months have seen good progress. The Company completed a successful phase II trial in the US and filed for registration in Europe. We are actively working with the European regulators to address their questions and expect to receive approval in the first half of 2012. In addition, we have requested a pre-phase III meeting with the FDA to confirm the scope of the clinical trial.

The Company is close to finalising a suitable licence arrangement for the marketing and distribution of this key product and we hope to be able to announce a deal in the coming months. We have received interest from both global and regional pharmaceutical organisations and due diligence is continuing with a select group.

The other products in our portfolio such as Astrix®, Eryc® and Magnoplasm® have performed well over the last financial year and were up significantly on the prior period. New partnership opportunities are being explored for these products globally.

Our balance sheet is stable with the debt completely paid down in October. We have restructured the business to drive efficiencies and are seeing these benefits in 2012.

Now I will provide a quick overview of the 2011 financial result.

FY11 Sales of \$50.1m were down on the annualised FY10 result due to the contraction in Doryx® US sales driven by the higher US\$ and a contraction in pipeline inventories by our marketing and distribution partner Warner Chilcott. The stronger AUD reduced earnings by approximately \$3m year on year.

Other products which represent almost 60% of the portfolio (in terms of sales) were up 18% year on year due to expanded marketing effort by our international marketing partners and greater sales and marketing activity in Australia.

Gross profit was \$23.2m and underlying EBITDA was \$9.2m.

Reported NPAT was \$1.7m.

Our business model going forward aims to diversify our earnings base to reduce the reliance on Doryx® and not see a repeat of the profit impact we experienced in the last financial year. Today Doryx® represents 40% of sales. However, with our other products in the portfolio growing strongly and SUBACAP® nearing commercialisation we expect Doryx to decrease as a percentage of total sales whilst growing in absolute terms itself.

In terms of the balance sheet, the business has a number of tangible assets. Land and buildings in Salisbury are owned with a book value of \$12m. plant & equipment are valued in the books at \$9m, with an insurance and replacement value of over \$100m. There is also cash of \$5.8m and inventory and receivables of \$13m.

As I mentioned earlier, we made our last debt payment in October and the debt is now paid down.

The earn-out to Hospira is currently valued at \$15m in the accounts and is based on calendar year gross revenue of existing products at the time of acquisition. The remaining five possible earn-out

payments are paid in February each year with the amount paid dependant on revenue earned. No earn-out is paid if sales are less than \$40m and the maximum earn-out is paid if sales are greater than \$65m. In FY11, a payment of \$6.6m was paid to Hospira representing the instalment for the 2010 calendar year.

In terms of the dividend, following the decision to proceed with a Phase III trial in the US for SUBACAP® the board decided to preserve the Company's capital and no final dividend was declared for the year ending 30 June 2011. The board will make a decision in respect of future dividends after assessing the Company's operating performance at each half and the outlook at that time.

In the next 12 months, our focus will be on our existing portfolio of products and technologies. We will continue to optimise the current business through lifecycle management of our existing products. We are working on new formulations of many of our existing products to stay ahead of competition and improve our offerings to patients. Astrix®, Doryx® and SUBACAP® all have new formulations under development.

We will vigorously defend our granted US patent for Doryx® in the US with our marketing and distribution partner Warner Chilcott and seek out of court settlements with the remaining paragraph IV applicants.

We will seek to expand our existing portfolio of products into new territories and improve the sales and marketing effort of the Australian business. New international marketing and distribution partners are being sought for our key products.

New business opportunities will be reviewed to utilise the excess capacity in the factory. In-licensing or acquisition of products that are either commercialised or nearing commercialisation will also be reviewed.

To drive longer term growth, we are reviewing the opportunities to apply our technologies to other products and develop new improved chemical entities that utilise our proprietary drug delivery technology.

In addition, we will continue to improve efficiencies and utilisation at our manufacturing facility in Salisbury.

In order to be best placed to deliver our strategy given the purchase of significant assets in South Australia, the Company feels its leadership should be headquartered in Salisbury. As such, the

Chief Executive's position will be transferring to Adelaide in the New Year, and the Melbourne based role will be redundant.

Dr Aston has advised the Board that he does not wish to relocate to Adelaide, and after some 6 years at the helm of Mayne Pharma, and Halcygen before that, Dr Aston will be stepping down from his role in the New Year.

Dr Aston and the Company are parting on the best of terms. Dr Aston will receive his contractual entitlements, and has agreed to provide consulting services to the Board as required.

The Board is currently finalizing negotiations with an excellent candidate for the Adelaide-based role, and we will update the market once the negotiations are finalised. The Board will be calling an Extraordinary General Meeting in the very near future to seek shareholder approval of the remuneration package of the successful candidate.

In summary, it has been a significant year for Mayne Pharma, notwithstanding the challenges faced by the high Australian dollar and a contraction in orders for Doryx®.

The origins of Mayne Pharma can be traced back to 1845, and the organisation has been an important part of Australia for well over a century. We believe our Company is now in a much stronger position with a stable balance sheet, a portfolio of market leading products, a pipeline of drugs, with one of those SUBACAP®, about to be commercialised in the coming year.

Before I hand over to Roger Aston, I would like, on behalf of the Board, to thank Roger for his tireless efforts in developing our Company to where it is today.

I now invite Roger to give a more detailed update on Doryx®, SUBACAP® and current trading, following which I will return to complete the more formal part of the meeting.

Roger Corbett
Chairman