



Melbourne, Wednesday 4<sup>th</sup> July 2007

## **End of Financial Year Report to Shareholders**

**Dear Shareholder,**

Clinuvel has completed a company transforming year in FY07 and we are well placed to fulfil our strategic objective of bringing CUV1647 to market. The company is in excellent financial shape and we have recently commenced two Phase III clinical trials in Europe.

Our progress in FY07 has substantially increased our potential whilst the scientific risk has materially decreased. A number of accomplished professionals have joined the Board of Directors and senior management is being added to the company. Institutional investors have recently injected capital at A\$1.07 per share and the shares are currently undervalued based on analyst estimates.

### **Finance, Cash Resources**

Clinuvel has a strong balance sheet with more than A\$61 million in cash which we anticipate is sufficient to sustain research and development activities for approximately three years. We are aware that few if any developing pharmaceutical or biotech companies are in such an enviable financial position. Our strong cash position compares to our current market capitalisation of approximately A\$270 million based on the June 29 closing price of A\$0.92. Cash expenses in the latest quarter ending June 2007 totalled approximately A\$1.65 million.

The recent funding of A\$26.4 million at A\$1.07 was subscribed to by professional investors. In addition, our principal investor, Absolute Capital Management Holdings PLC has recently increased its stake by 2% to just under 20% (the maximum permissible without mounting a takeover bid). The support of the major shareholders is strong and they remain focused on helping to build Clinuvel into a global name in life-sciences.

### **Clinical Appraisals**

Clinuvel has now successfully entered two Phase III clinical trials, one for PLE (sun allergy), the other for EPP (absolute sun intolerance). The latter is especially relevant because as a possible Orphan Drug (status granted for drugs treating rare diseases), we believe this trial may be completed in an accelerated manner, pending regulatory scrutiny. Orphan Drug status offers the company an accelerated path to registration in global markets.

According to a study conducted by IMS Healthcare Inc. in the US, there are over 30 million people in the western world suffering from sun allergy, of which approximately 10% suffer from

severe sun allergy. We have every reason to believe that CUV1647 can successfully address these symptoms.

### **Cosmetic Applications**

We are frequently asked if CUV1647 could have use in cosmetic applications. While the company is not presently focusing on the cosmetic application, we cannot discount its long term potential.

### **Communication**

An important objective of Clinuvel is to communicate effectively with its shareholders to build a substantial and confident investor base. Moreover, we are aiming to attract new investors via bimonthly investor conference calls and investor/analyst presentations worldwide.

### **Share Price**

In the last 18 months, since new management was installed, the share price has risen substantially from a low of A\$0.24 to a high of A\$1.20. In recent weeks, our share price has been subjected to profit-taking. Although this may be expected after such a strong performance, the decline in share price now underrates both the present fundamentals as well as the potential of the company. The Australian broker Tolhurst Limited recently published research valuing Clinuvel shares at A\$1.48.

### **Conclusion**

With CUV1647, Clinuvel has a drug with the potential to change the lives and the quality of existence of those affected by light-sensitivity disorders.

Helping improve lives and being financially successful are the twin aims of Clinuvel.

We have completed a very successful FY07 and we look forward to the challenges in 2007/2008.

Yours sincerely,



Philippe Wolgen, MBA MD  
CEO Clinuvel Pharmaceuticals Ltd

Clinuvel is listed in Australia (ASX: CUV) and Frankfurt (XETRA: UR9)