CLINUVEL PHARMACEUTICALS

ANNUAL REPORT 2012

CONTENTS

CLINICAL SUMMARY

CLINUVEL: EXPERTS IN THE INTERACTION OF LIGHT AND SKIN

Clinuvel Pharmaceuticals Ltd (ASX: CUV; XETRA-DAX: UR9; ADR: CLVLY) is a global biopharmaceutical company focused on developing drugs for the treatment of a range of severe skin disorders. With its unique expertise in understanding the interaction of light and human skin, the company has identified two groups of patients with a clinical need for photoprotection and another group with a need for repigmentation. These patient groups range in size from 10,000 to 45 million.

Clinuvel's lead compound, SCENESSE® (afamelanotide 16mg implant), a first-in-class drug targeting the "orphan" disease erythropoietic protoporphyria (EPP), has completed Phase II and III trials in the US and Europe. In February 2012 SCENESSE® was filed for review by the European Medicines Agency for EPP. A confirmatory six month Phase III US EPP trial commenced in May 2012. Presently, there is no known effective treatment for EPP and SCENESSE® was granted orphan drug status in Europe, the US and Australia. Based in Melbourne, Australia, Clinuvel has operations in Europe and in the US, with approximately 30 employees and a number of external service providers worldwide.

INTERACTIONS OF LIGHT AND HUMAN SKIN

Alpha-Melanocyte Stimulating Hormone (α-MSH) is a naturally occurring hormone released by skin cells in response to ultraviolet radiation (UVR) following exposure to sunlight or artificial sources of UV. Alpha-MSH activates melanin, a natural brown pigment which provides skin with colour and protection from UV and visible light (photoprotection).

ABOUT SCENESSE®

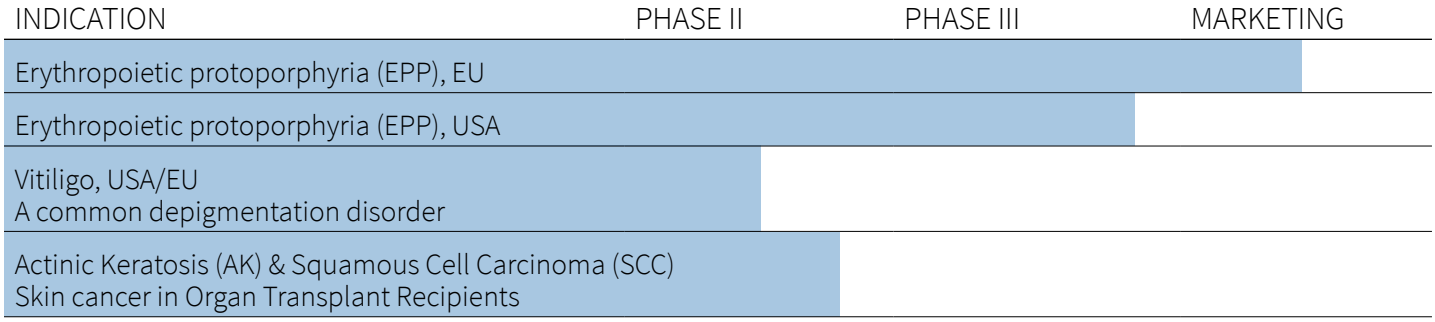
SCENESSE® is a first-in-class dermatological drug being developed solely by Clinuvel. The active ingredient in SCENESSE® is afamelanotide, a chemical analogue of α-MSH which activates melanin in the skin. The process of melanin activation mimics the skin's natural protective umbrella against UVR and sunlight. SCENESSE® is delivered as a subcutaneous, dissolving implant approximately the size of a rice grain. Increased pigmentation of the skin can appear two days after drug administration and lasts up to two months.

ABOUT EPP

Erythropoietic protoporphyria (EPP) is a rare life-long genetic disease found mainly in fair-skinned people. It is characterised by severe phototoxicity (absolute intolerance of light) of the skin resulting in intolerable pain, swelling and scarring, usually of exposed areas such as the face, hands and feet. Reactions can vary from mild to extreme with hospitalisation and potent pain killers required in the worst cases, but these medications seldom provide relief. Children and adults living with EPP must avoid sunlight and even reflected light for life, often staying indoors or wearing protective clothing. Conventional sunscreens have little to no effect. Approximately 10,000 people globally are affected by EPP.

CLINUVEL'S PIPELINE FOR SCENESSE®

We are using our expertise in understanding light and skin to conduct clinical trials in a number of different severe skin disorders with SCENESSE®:



CLINUVEL'S FIRST DOMAIN: PHOTOPROTECTION OF THE SKIN

The field of dermatology can be roughly divided in eight subspecialties whereby the areas of photodermatology and vitiligo are relatively underserved due to the lack of available or effective therapies.

Over the past seven years Clinuvel has focused on a specific area of skin care, namely protection against non-ionising radiation or ultraviolet radiation (UVR). With its lead pharmaceutical drug SCENESSE® (afamelanotide 16mg implant), Clinuvel has pioneered and led the world in developing a novel agent to treat specific groups of patients against the harmful effects of UVR as well as against the effects of the visible spectrum of light.

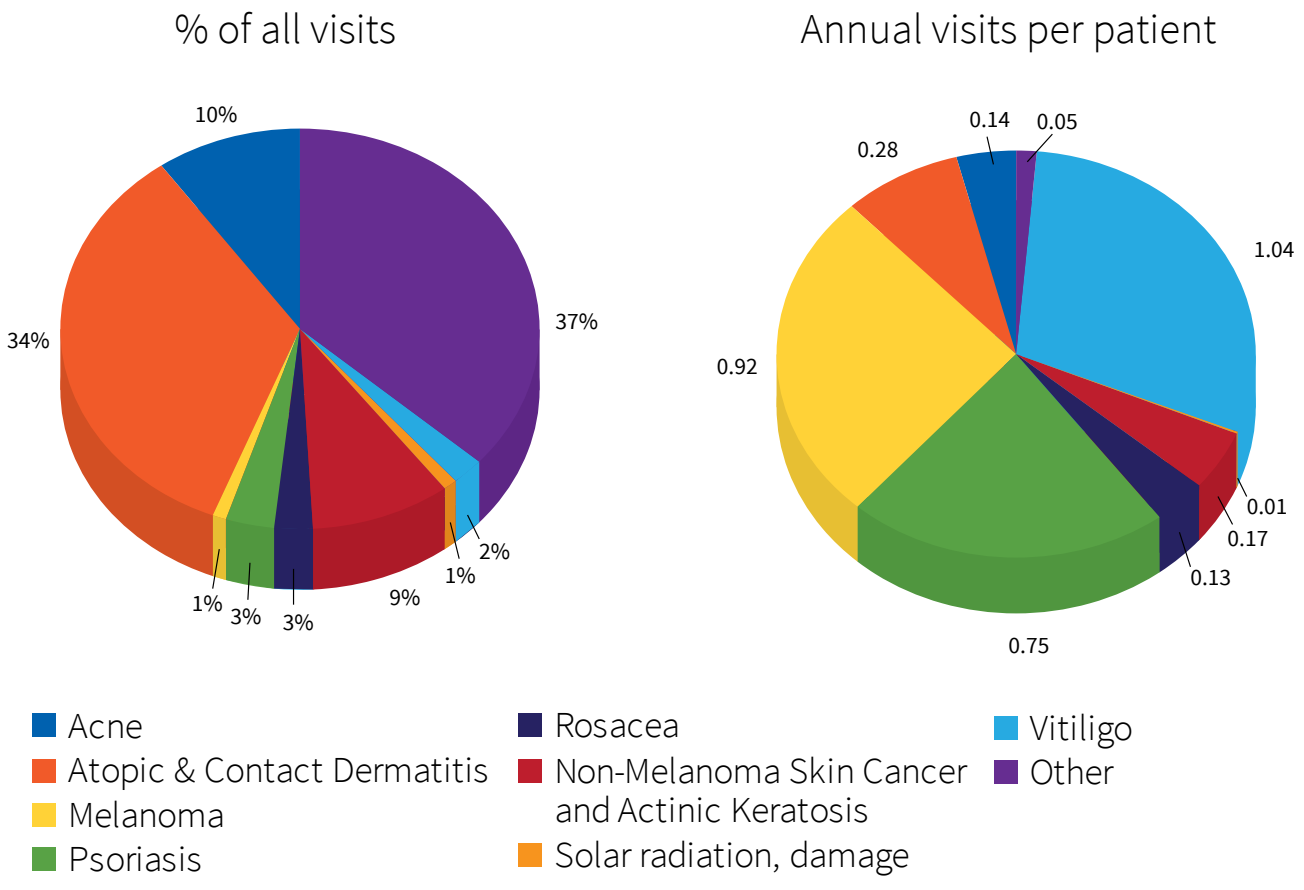
Photobiology and photodermatology are complex areas of medicine. These fields are well researched in terms of the stochastic effects of radiation, the effects of topical agents and sunscreens, but research has not resulted in pharmaceutical agents to date. Clinuvel has led photodermatological R&D efforts globally.

Total direct cost of dermatology treatments in the US: ***US$29.1bn***

Estimated intangible cost of skin diseases in the US due to Quality of Life impact: ***US$56.2bn***

Source: Bickers, DR, et al, (2006). "The burden of skin diseases: 2004 a joint project of the American Academy of Dermatology Association and the Society for Investigative Dermatology." *JAAD*, 55(3):490-500.

PATIENT VISITS TO DERMATOLOGY CLINIC OR OUTPATIENT DEPT BY CONDITION, US 2004



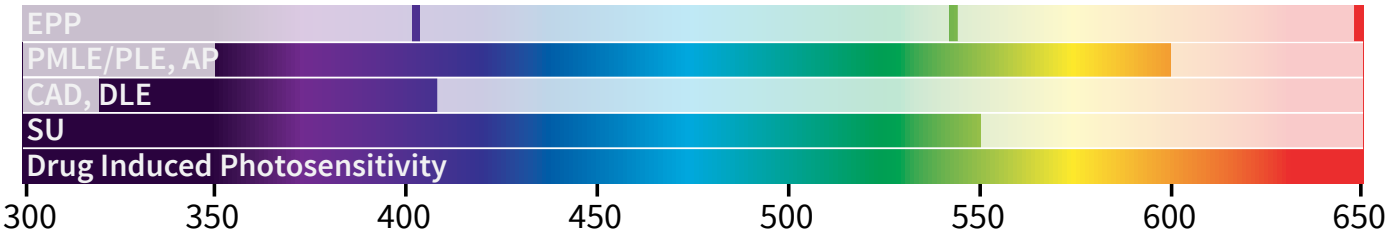
PHOTODERMATOSES: LIGHT-INDUCED SKIN DISORDERS

In understanding the effects of light on skin, a number of UV and light-induced skin disorders (photodermatoses) advanced our knowledge.

The most common photodermatoses are illustrated below and the differences are highlighted between the various expressions of the skin (efflorescence). In all these diseases specific wavelengths of light trigger acute, subacute or chronic skin reactions. While daily exposure to outdoor conditions (specifically sunlight) may give rise to skin disorders, it is important to understand that light consists of polychromatic (of multiple wavelengths) light, whereby certain parts of the electromagnetic spectrum can give rise to specific skin reactions. Light exposure can sensitise one's skin to reactions in time.

DISORDER	SYMPTOMS	PREVALENCE	CURRENT AVAILABLE TREATMENT
ERYTHROPOIETIC PROTOPORPHYRIA (EPP)	Acute onset burns (2nd degree), ulcerations, scarring	0.8-1.75:100,000[1,2]	None
POLYMORPHOUS LIGHT ERUPTION (PMLE/PLE)	Subacute onset vesicles, erythema and pruritus following sun exposure	10-20% of Caucasian population[3]	Corticosteroids, narrowband UVB (NB-UVB)
ACTINIC PRURIGO (AP)	Subacute onset vesicles, erythema and pruritus	<5% in general population, more prevalent in Indian Americans[4]	Corticosteroids, NB-UVB
CHRONIC ACTINIC DERMATITIS (CAD)	Acute and subacute onset inflammation, erythema, pruritus	16-18:100,000[5,6]	Topical steroids, antimalarial drugs, thalidomide, oral immune suppressants, PUVA, NB-UVB
DISCOID LUPUS ERYTHEMATOSIS (DLE)	Chronic hypertrophic lesions.	12-50:100,000[7]	Antimalarial drugs, steroids, Aranofin, retinoids, thalidomide
SOLAR URTICARIA (SU)	Acute and subacute wheal formation (urticae), flares	3.1:100,000[8]	Antihistamines (ineffective but best alternative treatment)
DRUG-INDUCED PHOTOSENSITIVITY	Entire spectrum of efflorescence of the skin	Variable	None

WAVELENGTHS (NANOMETERS) TRIGGERING SYMPTOMS



1 Timonen, K (2009). "Cutaneous Porphyrias: Clinical and Histopathological Study". *Forum for Nord Derm Ven*. 14(2):49-50.
2 Marko, PB (2007). "Erythropoietic protoporphyria patients in Slovenia." *Acta Dermatoven*. 16(3):99-104.
3 Hoenigsmann, H (2008). "Polymorphous light eruption". *Photodermatol Photoimmunol Photomed*. 24(3):155-61.
4 Hojyo-Tomoka, T et al (1995). "Actinic prurigo: an update". *Int J Dermatol*. 34(6):380-4.
5 Deng, D et al (2006). "Prevalence of photodermatosis in four regions at different altitudes in Yunnan province, China".*J Derm.* 33:537-540.
6 Ferguson, J (2003). "Diagnosis and treatment of the common idiopathic photodermatoses." *Austral J Dermatol*. 44:90-96.
7 Sanders, CJ et al (2003). "Photosensitivity in patients with lupus erythematosus: a clinical and photobiological study of 100 patients using a prolonged phototest protocol." *Br J Dermatol*. 149(1):131-7.
8 Beattie, PE et al (2003). "Characteristics and Prognosis of Idiopathic Solar Urticaria". *Arch Dermatol*. 139:1149-54.

CLINUVEL ESTABLISHED A NOVEL THERAPEUTIC AREA IN DERMATOLOGY

By focusing on the action spectrum of SCENESSE® (afamelanotide 16mg implant), the Clinuvel teams understood early on in the R&D program the potential for optimum clinical efficacy in certain photodermatoses. The starting point of Clinuvel's pharmaceutical program was optics and physics in relation to skin, which was then combined with our understanding of the pharmacological properties of the molecule afamelanotide, the key active ingredient in SCENESSE®. As the drug activates melanin (pigmentation) within the top layer of the skin (epidermis), it has been imperative to discern the optimum absorbance spectrum of melanin as well as other biological properties. With SCENESSE®, both afamelanotide and the resultant melanin exert activity to provide medical benefit. Deep understanding of the pharmacology and biologically required activity led Clinuvel to develop SCENESSE® in its current novel controlled-release formulation.

Over a decade of R&D, it has become apparent that no other pharmaceutical company or research group has embarked on developing a comparable drug in the field of photodermatology. The length of development, required investments, clinical and regulatory risk, and novelty of the subjects were a number of the reasons that pharmaceutical companies have refrained from developing drugs or therapies in this field. Now, on the eve of final review leading to obtaining approval of SCENESSE® in Europe, we know that the decade of development will be of benefit to EPP patients and physicians.

ERYTHROPOIETIC PROTOPORPHYRIA (EPP) – ABSOLUTE LIGHT INTOLERANCE

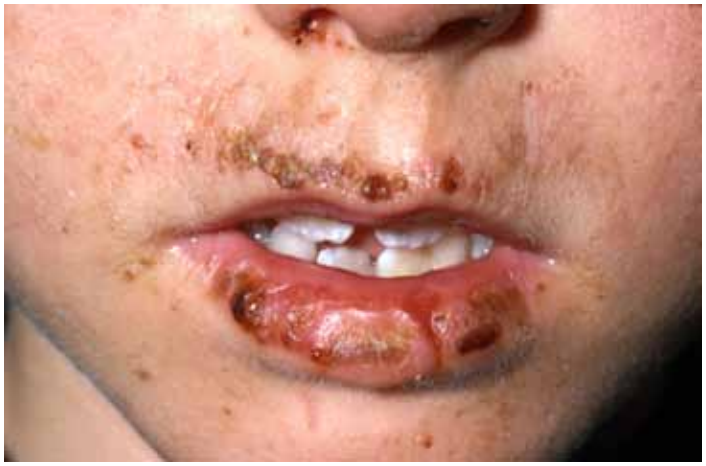
As seen on the previous page, erythropoietic protoporphyria (EPP) is one of a number of photodermatoses. EPP is a life-long acute expression of severe skin symptoms following exposure to the visible spectrum of light (>408 nm), otherwise known as absolute light intolerance.

EPP is caused by the lack of ferrochelatase (an enzyme) in the body, which leads to the build-up of a chemical substance called protoporphyrin IX (PPIX), mostly in the skin and liver. PPIX is phototoxic in skin: when exposed to light, especially blue light, PPIX reacts with varying intensity, usually causing excruciating pain under the skin. The reaction can occur within minutes of light exposure. Firstly, the skin starts prickling, then patients experience an intense pain likened to immersing skin in boiling water or to having hot needles stuck into the skin. For several days following an EPP reaction, skin can be painful and swollen or develop into blisters, a rash, scabs or crusts. Despite the pain experienced, there are no immediate visible signs of a reaction.

With it being a rare disorder affecting approximately 10,000 patients worldwide, unfortunately few physicians are familiar with EPP. Before being officially diagnosed with EPP, which – according to the German EPP patients' organisation – can take decades, patients are sometimes accused of hypochondria, even by doctors.

To date, no effective treatment has been developed for EPP and patients are forced to avoid sunlight exposure, often leading nocturnal lives. Beyond the physical pain of the disease, this social isolation often leads to significant problems for EPP patients and their families, with high levels of mental health issues and a higher rate of unemployment reported in the EPP patient community.

In selecting the optimum treatment regimen for patients, Clinuvel developed a controlled-release formulation to mitigate the effects of light and UV on these patients' skin. In administering the drug every two months, a continuous level of photoprotection is provided to EPP patients. As has been demonstrated and obtained from anecdotal feedback during the program, our choice to develop SCENESSE® for the treatment of EPP has been well received by expert physicians and patients worldwide.



Following seconds of light and sun exposure, EPP patients experience severe lesions of the skin and mucosa.

CLINUVEL'S SECOND DOMAIN: VITILIGO

THE MOST COMMON PIGMENT DISORDER

Vitiligo[1] is a common skin disorder in which the pigment producing cells of the skin (melanocytes) demonstrate lack of activity. As a result, lighter depigmented patches of skin (target lesions) appear in different parts of the body due to the lack of melanin (pigment). It is estimated that more than 45 million individuals are affected by vitiligo, yet the dermal effects are most noticeable and stigmatising among darker skin complexions (Fitzpatrick types III-VI).

Although a number of causes are hypothesised, the exact cause of vitiligo is unknown. It is imaginable that immunological factors play a part in affecting the melanocytes in the skin, while other factors – chiefly mechanical, environmental and psychological – are considered to 'trigger' the disease, causing dermal melanocytes to malfunction or die and resulting in depigmented 'lesions' on the skin. While there are recognised patterns of depigmentation in some patients, vitiligo can cause pigment loss on all areas of the skin, with severe cases leading to gradual total depigmentation.

SOCIAL AND PSYCHOLOGICAL IMPACT

Due to the vital role skin plays in a person's identity, the gradual loss or change in pigmentation caused by vitiligo ofen has a major social and psychological impact upon patients.

Nowhere is this issue more acute than in those with a darker skin complexion. For instance, it is estimated that in India alone up to 7.8 million patients are currently living with the disease.[2] Vitiligo is highly stigmatising in sub-continental cultures, where the visible loss of pigment is erroneously linked with leprosy, a contagious and infectious disease, and is widely believed to be a religious retribution. In many parts of the world, divorce and family breakdown due to vitiligo are common and individuals are often ostracised to prevent 'infection'. (Vitiligo, it is well known, is not an infectious disease). Patients tend to hide their disorder from society causing further isolation and psychological distress. The inability to effectively treat the disease often compounds its impact.

EXISTING THERAPIES

Vitiligo therapy is intended to arrest depigmentation or provide repigmentation of depigmented lesions. A number of treatment options have been tried (many of which are 'off-label' therapies) but clinical challenges persist. Not all patients respond to available therapies and relapse is common. To date, no pharmaceutical has been fully evaluated in clinical trials and approved for use in vitiligo.

Phototherapy, mainly narrowband UVB (NB-UVB), has emerged as a mainstay of repigmentation treatment in individuals affected by vitiligo. NB-UVB, an approved therapy, utilises a localised, specific light source to provoke a reaction in the deeper layer (dermis) of the skin to activate melanocytes. This therapy is known to effectively suppress the local immune response and accelerate the maturity of melanocytes in the area around hair follicles, which act as melanocyte reservoirs. This process leads to activation of melanin (pigment).

Patients are required to attend NB-UVB clinics 2-3 times per week for up to 18 months to achieve repigmentation of lesions, yet results vary. Even when patients do experience some repigmentation (it has been reported that 12.5-75% of patients benefit from some kind of response[3]), NB-UVB has shown mixed results in repigmenting specific parts of the body, in particular hands, arms and legs.

SCENESSE® AS A NOVEL THERAPY FOR VITILIGO

Since 2010 Clinuvel has embarked on a novel program for SCENESSE® (afamelanotide 16mg implant), targeting generalised vitiligo. With the support of leading treatment centres globally, Clinuvel established a program to evaluate SCENESSE® as a combination therapy with NB-UVB, initially assessing the drug against NB-UVB as a monotherapy in 56 patients (CUV102).

Here, a successful outcome will not only be the length of time required to activate pigment in vitiligo patients, but also the extent of this repigmentation, particularly in areas which have been traditionally difficult to treat, such as the feet, hands and arms. Analysis of follow-up data is also vital to provide clues on the drug's potential to maintain pigmentation and prevent relapse; a key challenge of vitiligo treatment. As a follow up, all patients in CUV102 will attend clinical consultations six months after the completion of the therapy to assess the stability of their repigmentation ('remission').

The first observations from CUV102, presented during the 2011 European Academy of Dermatology and Venereology

(EADV), and later at the 2012 American Academy of Dermatology (AAD) meetings, demonstrated the potential of the drug to activate pigment in vitiliginous lesions as a combination therapy.

Four case studies from the CUV102 trial have been published in the leading medical journal *Archives of Dermatology*[4]. In all cases, patients' lesions repigmented within the six month treatment period, with 50-90% overall repigmentation reported. The three patient cases with darker skin types (Fitzpatrick V-VI) saw no relapse of their repigmentation at their three month follow up, whereas the lighter skinned patient (Fitzpatrick III) saw 10% relapse. Fatigue, nausea, headaches and dizziness were reported as adverse events. Full results from the treatment period of CUV102 are expected to be released before the end of 2012.

CUV102 PRELIMINARY OBSERVATIONS

Repigmentation seen in one vitiligo patient, treated with narrowband UVB and SCENESSE® (afamelanotide 16mg implant) in the CUV102 study

All images courtesy of the Vitiligo and Pigmentation Institute of Southern California. Images cropped to maintain patient privacy but are otherwise unaltered

PATHWAY TO VITILIGO REGISTRATION

Clinuvel aims to pursue a novel program for SCENESSE® as a vitiligo therapy. Based on early observations, feedback from key opinion leaders, and the company's experience of the regulatory landscape, Clinuvel decided in early 2012 to develop a clear clinical trial pathway for vitiligo. Pending results from ongoing trials, the company intends to execute late stage global studies to generate the safety and efficacy data necessary to register SCENESSE® as the first ever pharmaceutical therapy for vitiligo. If successful, Clinuvel will be the first company to develop a pharmaceutical for this underserved patient population, enabling our drug to assist millions of patients globally.

PHASE IIA (CUV101, EU AND CUV102, US)
Small proof of concept studies due to complete 2012

PHASE IIB (1 STUDY EU, US OR ASIA)
Larger targeted studies to determine optimal treatment regimen

PHASE III (2 STUDIES EU, US AND ASIA)
Large late stage confirmatory studies

MARKETING AUTHORISATION APPLICATIONS

1 As of 2012 the international dermatological community agreed to discontinue the use of the term 'nonsegmental vitiligo' to describe the most common form of the disease, opting instead simply for 'vitiligo'.

2 Vitinomics.net, "Vitiligo prevalence in the world", online: http://vitinomics.net/map, accessed September 21, 2012.

3 Nicolaidou, E et al (2009). "Narrowband ultraviolet B phototherapy and 308-nm excimer laser in the treatment of vitiligo: A review". *JAAD*, 60(3):470-477.

4 Grimes PE, Hamzavi IH, Lebwohl M, Ortonne JP & Lim, HW (2012). "The Efficacy of Afamelanotide and Narrowband UVB Phototherapy for Repigmentation of Vitiligo". *Archives of Dermatology*. Epub October 15, 2012.

BUSINESS STRATEGY AND THE CLINUVEL MODEL

INTRODUCTION

Early on in the development program of Clinuvel, we deliberated how to become a unique, competitive organisation whilst surrounded by major pharmaceutical players in the dense space of skin care. Clearly the development of afamelanotide, the lead molecule, wasn't going to be sufficient. We needed more strings on our bow to obtain a competitive position. In January 2006, we conceived five areas where Clinuvel would need to excel to distinguish itself from potential competitors and occupy a long lasting position in dermatology among its much larger peers.

Now, while the company is awaiting the outcome of an EMA review, it is an opportune moment to summarise the company's position and reflect on our fields of focus.

COMPETITIVENESS

The first area of competitiveness had to be the unique use of SCENESSE® as a controlled-release formulation, tailored at the particular biological need identified. We calculated that we would need to provide photoprotection and treatment for a specific period of time while minimising the burden of patients' visits to the clinic. In addition, it was conceived that the administration procedure had to be easy and practical in the hands of medical professionals. At the same time, however, we wanted to discourage self-administration by patients. The combination of innovative technology and unique administration would provide Clinuvel with the first step in the therapeutic area of severe skin disorders.

The second area was the choice of disorders to treat. We conceived that we would only make an attempt to treat the most serious photodermatoses (light and UV related skin disorders). In erythropoietic protoporphyria (EPP) the scientific rationale to use SCENESSE® and the real clinical need came together. While increasing pigmentation in the (epi)dermis would be beneficial for patients unable to expose themselves to light and UV, the clinical use of the drug would need to underline the hypothesis. As we now know, the clinical benefit has been reported by the overwhelming majority of patients and physicians over the years. With the introduction of SCENESSE® in the EPP community, we found ourselves treating an ultra-rare disorder and cementing our position as a company focusing on a niche therapeutic treatment. Similar can now be said for vitiligo as the targeted second indication, albeit in a larger patient population.

The third area of expertise would be acknowledged once we had identified and involved the top 60 heads of academia in dermatology and gastroenterology, as well as experts in related fields, in the program. Clinuvel has been very selective in identifying and working with relevant physicians and academics. Thorough research on each individual has provided the company with a database which enables us to choose the best minds in the field of skin care and related areas. Now, seven years later, the company is working or associated with the main experts worldwide. Unabated support for the introduction of a new therapy exists today and, based on safety data from the drug the company, has garnered a strong academic link. Clinuvel's management believes that the introduction of any new technology is accompanied by a long term dialogue with academia, supporters, and opponents. We are firmly rooted in the specialty of dermatology and continuously learn and adapt to the feedback from clinicians and academics.

In a fourth dimension, the company sought to build its in-house expertise on the topic of skin care and, more specifically, on the biological function of pigmentation. The prerequisite was to find the talent, the specific individuals, and retain them long term in the company. It is now well known in the industry that Clinuvel's management (and Board) has had very little turnover, with most senior managers having been in their positions for five to seven years. Longevity is needed to retain knowledge and knowhow, and prevent loss of expertise to other pharmaceutical companies.

The last area where we needed to distinguish ourselves is in the execution of a global program. Whereas most pharmaceutical companies outsource the management of clinical trials, Clinuvel consciously chose to train its own scientific staff to manage the clinical program. The thought was to retain first-hand knowledge on the use of innovative technology and for our staff to receive immediate feedback without an intermediate third party. Importantly, Clinuvel also executed its own regulatory program whereby our managers met year round with EU and US regulatory authorities. This led to continuity and specific knowledge, while it allowed the regulatory agencies to become familiar with our team, our thinking, and our consistent strategy. By keeping the clinical, regulatory and financial management under one roof, more control of the program and drug was assured. This strategy has provided Clinuvel with a competitive advantage and has aligned the entire company to strive

towards one goal: commercialising SCENESSE® for specific patient populations in the field of dermatology.

In finding the need to distinguish ourselves, Clinuvel has made various choices which have had an impact on the direction and outcome of the company. For instance, after obtaining the initial results of the trials in polymorphous light eruption (PLE) – a sun poisoning – Board and management understood the potential of SCENESSE® to treat this disorder. However, as PLE is not regarded as a severe skin disorder in the majority of patients, and as the symptoms diminish during the course of a season, it would be questionable whether the company would ever achieve registration for the drug in PLE, whether the majority of patients would ever benefit from the treatment, or SCENESSE® would ever become first-line-therapy. Without first-line-therapy status, the proposed new therapeutic agent cannot compete in efficacy and – often – in price with the existing (first-line) therapy. In Clinuvel's case this would not be an advantageous position to enter the market.

Here an example of a challenging and far-reaching choice is provided, one that could easily consume years of funding with an uncertain outcome. Although the drug proved effective in clinical trials, the uncertainty to obtain approval and costs involved made it unfeasible for Clinuvel to pursue the indication. Analogous to this example, other photodermatoses were considered but not pursued.

VALUE CREATION

DISORDER	CLINICAL NEED	SEVERITY	ALTERNATIVE THERAPY	POTENTIAL SCENESSE® AS FIRST-LINE THERAPY	COMPETITIVENESS
Erythropoietic protoporphyria (EPP)	Strong	High	None	Yes	Strong
Solar urticaria	Strong	High	Anti-histamines	No	Medium
Polymorphous light eruption (PLE)	Weak (strong in small subset)	Low (high in small subset)	Steroids, NB-UVB, analgesics	No	Weak
Vitiligo	High	High	None (except NB-UVB, partially effective)	Yes	Strong

Table 1. Strategic choices are derived from Clinuvel's decision to treat diseases in which real clinical need is demonstrated and where SCENESSE® can be introduced as first-in-line therapy.

In summary, only where a real clinical need is demonstrated and where there is reasonable certainty that SCENESSE® can be introduced as a first-in-line therapy, has Clinuvel's Board decided to advance the program. In some cases, regulatory feedback confirmed the strategic choices made.

Our first and immediate focus is on EPP, a genetic disorder characterised by an enzymatic deficiency (FECH). Most of the EPP patients worldwide are treated by gastroenterologists, geneticists, haematologists, biochemists and, occasionally, dermatologists. Here, the distribution of SCENESSE® is less challenging since most of the porphyria specialists are organised in specialty groups with close collaboration to each centre. Additionally, most countries in Europe, Australasia and the US have appointed one national reference centre to handle the biochemical and genetic diagnostic process. This implies that most reference centres have an in-depth knowledge of the patient population per country. This aids the medical community wishing to refer patients for diagnosis and treatment. Down the line, working with these centres of excellence will assist Clinuvel with targeted distribution of SCENESSE®.

The care of vitiligo patients lies predominantly in the hands of dermatologists. They are the experts who see patients presenting with early onset of depigmentation or advanced disease state, normally as a second line referral. Most dermatologists possess UV or LASER equipment and will attempt to treat vitiligo with a light source. In addition, agents such as corticosteroids, 5-fluorouracil, retinoids, antibiotics and TOR-inhibitors have been tried in the past without much success in these patients. The best response without frequently reaching complete or lasting repigmentation is through the lengthy use of narrowband UVB therapy. Vitiligo remains an enormous clinical challenge, where patients, particularly those with darker skin complexions, truly suffer from the social and emotional impact.

Our proposed treatment will not meet competition for vitiligo as there is no currently no pharmaceutical therapy available or in development other than SCENESSE®. If proven successful in Phase III trials, SCENESSE® will be a first-line therapy, the advantages of which have been previously highlighted.

In dosing every two months in EPP, and every 28 days in vitiligo, we have introduced differentiation in therapies

based on response and clinical need. In EPP we believe the treatment will be year round for most patients, receiving up to six doses annually. The optimal length of therapy in vitiligo is undetermined, but thus far the protocols have investigated a six month treatment period with clinical follow up six months later to evaluate remission. From a development point of view, both indications are exciting additions to medicine and pharmacology, which will eventually translate in value creation.

Vitiligo is a disorder not well served by other companies. No effective pharmaceutical treatment has been developed to date. Earlier in this report we highlighted how vitiligo is estimated to account for two percent of all dermatological visits in the US. It is likely that these numbers would increase if and when a safe and effective treatment became available.

Following the distribution of the drug to the EPP population, which is classified as an orphan indication (rare disorder), Clinuvel will focus on treating the vitiligo population, a significantly larger patient population.

NOVEL THERAPIES NEED A NOVEL APPROACH

The business model chosen by Clinuvel is unique in that it is self-sufficient and dictated by the novelty of the drug and various indications. Since both EPP and vitiligo are underserved medical conditions, the development strategy needed to be tailored early on.

Introducing novel therapies – as opposed to introducing variations of existing drugs and therapies – requires much time; often a decade to ensure that the medical specialties are familiar and comfortable with the proposed drug and mode of treatment. In Clinuvel's case we needed to involve the opinion leaders in gastroenterology, haematology, genetics and dermatology. The time spent is now truly paying off with the majority of professors, academics and physicians as well patient advocacy groups in three continents standing behind Clinuvel's unique program.

Upon EMA approval, distribution of EPP will be started by Clinuvel. Options for the distribution of the drug in vitiligo will be considered as the expanded program is underway. The seven years of development in EPP is coming to a close, and it is reasonable to say at this time that the program has been a success from a clinical point of view: patients and physicians have responded well to the proposed treatment. In finding a novel molecule, formulation and product Clinuvel has surpassed many companies attempting this trilogy. In time, the commercial success will need to follow the clinical achievement to date.

The strategy has been exciting, but also a learning exercise for our teams, physicians, regulatory agencies, and patients. It is our conviction that finding a new therapy for patients is the essence of drug development, and making a drug accessible to patients who have not found pharmaceutical relief is ultimately worth the time and financial investment.

TINY CLINUVEL SPURNS TANNING FOR MEDICAL NEED
(Reuters, December 2, 2011)

CLINUVEL STARTS FINAL TRIAL OF SCENESSE IN EPP
(Australian Life Scientist, May 23, 2012)

FierceBiotech

CLINUVEL'S SCENESSE SEES POSITIVE TRIAL RESULTS
(Australian Life Scientist, November 4, 2011)

HOW STRESS CAN BLEACH THE COLOUR OF YOUR SKIN: THAT'S WHAT HAPPENED TO EMMA, BUT A NEW DRUG COULD EASE HER ANGUISH...
(Daily Mail, June 12, 2012)

REUTERS

HENRY FORD HOSPITAL'S PIONEERING VITILIGO TREATMENT DRAWS WORLDWIDE INTEREST
(Detroit Free Press, October 22, 2011)

CLINUVEL MULLS SWISS LISTING AS ECONOMY PERKS UP, CEO SAYS
(Bloomberg, February 6, 2012)

CheckOrphan
rare, orphan and neglected diseases

SWISS INSURERS AGREE TO REIMBURSE CLINUVEL'S SCENESSE® FOR RARE DISEASE
(Biospace, April 26, 2012)

CLINUVEL ANALYSES FROM U.S. STUDY SHOW 'DRAMATIC IMPROVEMENT'
(Bloomberg, November 3, 2011)

SCENESSE IMPLANT, L'ABBRONZANTE CHE SI APPLICA SOTTO PELLE
(LEGGO, May 17, 2012)

Bloomberg

THE AGE

CLINUVEL FILES EUROPEAN MARKETING AUTHORISATION APPLICATION FOR SCENESSE
(Check Orphan, February 6, 2012)

CLINUVEL PHARMACEUTICALS CONTINUES PREPARATIONS FOR SCENESSE MARKET LAUNCH
(Bioshares, April 30, 2012)

DRUG HELPS THE SUN TO SHINE FOR THOSE WITH AN ALLERGY TO LIGHT
The Age, December 21, 2011)

FINANCIAL TIMES

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CHAIR'S LETTER

It would be remiss of me to open this address without a sincere tribute to Dr Hank Agersborg, our outstanding Chief Scientific Officer. Hank was the heartbeat of Clinuvel, driving us towards approval and registration of afamelanotide by the major regulatory authorities.

I met Hank some 11 years ago when Epitan was a struggling biotech with little chance of achieving a positive outcome for the drug. From the outset it was obvious that Hank had such a wealth of experience in every clinical, regulatory and R&D situation possible, and had the wherewithal to skillfully guide our team along the pathway to success.

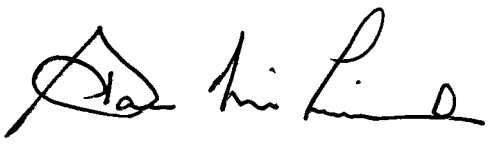
Fortunately the new Clinuvel, under the stewardship of Dr Philippe Wolgen, recognised the jewel we had within the organisation. This unlikely duo then set about a grand strategy to achieve regulatory approval – initially for erythropoietic protoporphyria (EPP), and then for subsequent dermatological indications. The goal was to position the product to achieve commercial success. We are, I believe, poised to achieve that objective. Hank supported Philippe and provided wise counsel to the Board despite declining health over recent years.

Over the past few years there has been criticism about us not meeting deadlines which we had set ourselves. After many years in the industry I have the words of all successful Chief Executive Officers ringing in my ears: "be careful to under-budget and always over-perform". We have, I believe, fallen into the trap of setting targets which have been too aggressive because of a dormant share price, failing on more than one occasion to reach those targets in a timely fashion. Yet, once regulatory authorities are the key arbiter of one's fate it is near impossible to accurately predict the timing for progress and approvals. We are engaged in a tough industry and to bring a new chemical entity – particularly one which has a chequered history and quality of life, but not life saving, benefits – is a momentous task.

Nevertheless in October 2012 the company has a European review, advanced Phase III trials in the US, an indentified indication for which there are 45 million sufferers worldwide and the product accepted by Swiss insurers and the Italian government for full reimbursement at €5375 per implant. It's a first class result which will stand us, and the share price, in good stead as we progress to commercialisation of SCENESSE®.

I brook no criticism of the performance of the Clinuvel staff. Rather I applaud their endeavour and their successful achievements. Apart from the leadership shown by Philippe and our respected Dr Agersborg, Dr Dennis Wright, Ms Nicoletta Muner and Mr Darren Keamy and their teams have shown outstanding dedication which has produced successful results.

We stand on the brink of achieving an outstanding result: taking a new chemical entity through the extremely difficult process of marketing approval in one of the two most significant world markets. I continue to encourage shareholders who have supported us through some very tough years to hold their nerve as we work through Phase III trials for EPP in the United States and develop additional indications for SCENESSE®.



Stan McLiesh
Chair

MANAGING DIRECTOR'S REPORT

IN MEMORIAM DR HANK AGERSBORG

The past weeks have been marred by the sudden passing of Dr Hank Agersborg, Chief Scientific Officer of the company since 2005. Since my installation as Managing Director, Hank had been successfully leading the global scientific program. His daily input has been invaluable and we have all admired his zest to bring SCENESSE® (afamelanotide 16mg implant) to market as a novel therapeutic.

Hank's direct approach to business matters was infectious, and most of our team members who were fortunate to interact with him will be left with a lasting impression of a unique human being and a great professional. We are grateful to Hank for all he has done for the company and, in particular for the patients worldwide over the years; his engagement to the Clinuvel program has been a driving force for the Clinuvel team. We will retain in our memory the successful EMA meeting on September 19 as the last, and perhaps decisive, contribution Hank has made. A positive EMA outcome will be dedicated to Hank Agersborg.

ERYTHROPOIETIC PROTOPORPHYRIA (EPP)

The past year has been marked by the completion and study results in the trials CUV029 (European Phase III) and CUV030 (US Phase IIb) in the orphan indication erythropoietic protoporphyria (EPP). Through these results we learned how EU and US patients benefited from afamelanotide 16mg while experiencing minimal side effects. Since Clinuvel's emphasis has consistently been on recording the safety aspects of the drug, we were most encouraged by these outcomes in 2011. While our team aims to introduce a novel therapy to patients, we anticipated that the safety profile of SCENESSE® would be of utmost importance to obtain regulatory approval in both the EU and the US. Therefore the excellent safety data we obtained from both trials laid the foundation for the application for registration of the drug in February 2012.

In the meantime, most European patients are continuing to use SCENESSE® following the completion of the trials through various compassionate use schemes. These schemes form a central part of Clinuvel's long-term safety surveillance of patients on drug. In modern pharmaceutical development, long-term follow-up needs to be built into the application and eventual approval of a new therapy. At Clinuvel we focus heavily on the safety of patients, over and beyond the expectation from industry peers. Safety is part of caring about our patients, and planning for the future of the company.

APPLICATION FOR EUROPEAN MARKETING AUTHORISATION IN EPP

One of the highlights of the year has undoubtedly been Clinuvel's ability to submit our first dossier to the European Medicines Agency (EMA). After seven years of intense work, we were finally able to put together a comprehensive case to request marketing approval of SCENESSE® in the orphan disease EPP.

The regulatory review started in February with various timelines imposed by the EMA. After a period of questions and answers, the formal review process is well underway. This process involves a comprehensive review by various national agencies of data generated on afamelanotide. At designated points in time the company has the ability to provide further written responses and, finally, an oral explanation. Our teams have put forward the rationale for developing SCENESSE® in EPP and, most importantly, explained the clinical significance of the proposed treatment in this severe skin disorder.

I am tempted but yet unable to predict a date for possible outcome, however I believe that somewhere in the first half of 2013 the EMA should have sufficient data and input from experts to make a balanced decision on making SCENESSE® available to EPP patients.

Patients and physicians, our entire team, shareholders, and those supporting the company are awaiting the outcome from the EMA with much anticipation. For most of us, this project has become much more than part of our daily job, it has become our lifework: a devotion to fulfil a specific objective which other companies and management teams have been unable to achieve. The current Board, management and staff are all driven by the prospect of offering SCENESSE® as a therapeutic solution to EPP patients; with the market introduction of SCENESSE® we will have introduced a first-in-class drug in a previously untested orphan disorder.

We remain aware of the high failure rate in pharmaceutical development, yet our teams persistently strive to succeed in this one mission. What can be said thus far is that, despite the fact that relatively few patients are diagnosed with EPP, the clinical value of making the drug available has been worth the work and effort over the years.

In the US the registration of SCENESSE® is following the path taken in Europe. The final Phase III trial (CUV039) in EPP is underway and is scheduled to complete by mid January 2013. Following data collection and analyses, we will seek a discussion with the FDA to determine the submission date of a new drug application (NDA). Together with the dossier submitted at EMA, the data from CUV039 should suffice for US regulatory review.

SPECIAL ACCESS SCHEMES

Through the distribution of SCENESSE® in Italy we were able to ascertain the repetitive use of the drug in the same patients. Not only did the company generate its first revenues through full reimbursement, it also obtained valuable feedback from physicians and patients on SCENESSE's use in the clinic. In 2011, we entered our second year of drug distribution through the AIFA 648/96 legislation, and we saw approximately the same drug use in the same patient population.

Early in 2012, we obtained regulatory clearance in Switzerland to supply EPP patients with the drug on a commercial basis. Here, reimbursement from the Swiss insurance companies followed a number of months of intense discussions. The severity and clinical need of EPP was well recognised by the Swiss insurers, and this led to the full reimbursement of SCENESSE® in this country.

In total both the Italian and Swiss EPP population have enjoyed approximately six years of continuous use of SCENESSE®, providing significant aid to the company's program.

At the time this report went to press, the company was in discussion with other regulatory bodies to investigate whether early supply to EPP patients is possible.

COMMERCIAL PREPARATION

In finalising the development program in the US and Europe, we started planning the distribution of SCENESSE® in both regions. It is important to understand that the patients have been aware of the drug, and a percentage of patients have been enrolled in our trials. While only 50% of the patients were able to receive the active drug during the testing phase, the majority of patients in Europe were able to experience the effects of the drug after the trials through compassionate use or special access schemes.

This patient population formed the basis of our commercial preparation, and various activities have been required to be in the position to distribute SCENESSE® successfully upon EMA approval. Discussions with European reimbursement agencies and insurers have taken place, and will continue. Reimbursement of the proposed treatment is mandatory to ensure that patients will be able to receive treatment. Price setting and justification, based on the pharmacoeconomics related to EPP, are other aspects to which Clinuvel has been devoting resources to in recent times.

Simultaneously, commercial supply of both drug substance and drug product has been secured to ensure continuous and competitive supply of SCENESSE®.

Internally, we are preparing our personnel to ensure we have all the logistics in place to distribute the drug to 29 countries. Various systems are being reviewed, as well as the optimum operational model of distribution, storage and transport. Much is being anticipated to be prepared once the drug receives EMA clearance.

THE START OF THE VITILIGO PROGRAM

In 2010 we made the decision to develop SCENESSE® for the treatment of vitiligo and, in the second half of 2011, we initiated the first US trial (CUV102) in this common disorder. It is our firm belief that the combination therapy of SCENESSE® and narrowband UVB will have a high probability of providing faster, deeper repigmentation in these patients, of whom there are more than 45 million globally. For deeper understanding of background and scientific foundation of the proposed treatment, I refer to the first section of this Annual Report (pages 6 and 7).

With close to 60 patients participating across three US centres, we met our recruitment target with study CUV102. From this study we wish to know whether the drug initiates and provides repigmentation to vitiligo patients. Of further importance are other objectives relevant to vitiligo treatment, specifically: the rate of repigmentation, the decreased dose of narrowband UVB, stability of the observed repigmentation, and impact of the proposed treatment on quality of life.

Similar to our primary objectives in EPP, in vitiligo patients we seek to demonstrate the long term safety of SCENESSE®. Certainly with the combination of narrow band UVB, safety needs our highest level of attention.

Due to the difficulty of treating vitiligo, new therapies create great interest among the professional and patient communities. The program was first presented at the 'Alpha-MSH society', a specialty meeting at the 2011 European Academy of Dermatology and Venereology (EADV) Congress in Lisbon, with subsequent presentations of CUV102 attracting accolades.

Clinical observations in the first 15 patients treated were then presented by Dr Oma Agbai – a Fellow and co-investigator for the CUV102 study at the Department of Dermatology at Henry Ford Hospital in Detroit – at the 2012 American Academy of Dermatology (AAD) subspecialty meetings. Dr Agbai was recognised by her peers and received the Best Fellow Presentation Award for her presentation to the 'Skin of Color Society' meeting. Needless to say that it has been an honour to work with the academic group in Detroit, and this award has confirmed the scientific attention there is for SCENESSE® in vitiligo and other pigmentation disorders. Further academic presentations are expected, including one recently accepted to the 2013 AAD meeting.

By the time of the publication of this report, we anticipate that the first peer-reviewed article on the program will have been published. This recognition in the medical literature opens our program to a broader audience, allowing the company to feed criticisms and comments back into the program as we progress.

PHOTOPROTECTION

Beyond EPP the company has investigated SCENESSE® as a photoprotective therapy in a number of other indications, including pre-cancerous and cancerous lesions (AK/SCC) in immunosuppressed transplant recipient patients and polymorphous light eruption (PLE), a common photodermatoses seen mostly in Caucasian patients but also in darker skin types. PLE has been subject of a number of discussions, and at various times the question has been posed whether Clinuvel would pursue PLE as an indication for SCENESSE®. While the scientific teams at Clinuvel recognise that PLE patients do not have an effective therapy at present, a number of arguments have dominated Clinuvel's decision not to develop SCENESSE® further for PLE.

In pharmaceutical decision making multiple factors play a role in deciding the development strategy. (This is explained in greater depth in the Business Strategy section of this report.) Unfortunately for PLE patients, SCENESSE® will not be made available in the short term.

VALUE OF CLINUVEL

Among the most common questions I have been asked are the ones of enterprise value and returns on investment.

In these times of economic constraint, I witness that various public companies focused on development of drugs or technologies do not show full value. Partially due to the decreased investment appetite worldwide, partially due to the diminished attention given to the pharmaceutical and biotechnology sector, it is my belief that Clinuvel has not commanded the full value at this advanced stage of development. The macro world has had its impact on the small and midcap companies. In time, and perhaps as soon as EMA approval, it may be that the enterprise value of the company will be appreciated.

Clinuvel's long term shareholders have kept faith in our methodical execution of the program and the drug's ability to address light and UV related disorders such as EPP and, possibly, vitiligo. I thank these shareholders for their long patience and fully realise that patience is a unique attribute in these testing times. I express my hope that 2013 is going to be memorable to all of us, as we strive to become the first company in the world to register a melanocortin through a positive review by one of the two major regulatory agencies.

Philippe Wolgen
Managing Director

FINANCIALS CONTENTS

DIRECTORS' REPORT

The Directors of the Board present their report on the company and its controlled entities for the financial year ended 30 June 2012 and the Auditor's Independence Declaration thereon.

DIRECTORS

The names of Directors in office during or since the end of the year are set out below.

- Mr. S.R. McLiesh (Non-Executive Chair)
- Dr. P.J. Wolgen (Managing Director, Chief Executive Officer)
- Dr. H.P.K. Agersborg (Deputy Chair, Chief Scientific Officer)
- Mrs. B.M. Shanahan (Non-Executive)
- Mr. L.J. Wood (Non-Executive)
- Mr. E. Ishag (Non-Executive)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

INFORMATION ON DIRECTORS

MR. STANLEY R. MCLIESH (JOINED BOARD 2002)

Non-Executive Chair

- Member of the Remuneration and Nomination Committee, Member of the Audit and Risk Committee
- Qualifications: BEd
- Shares in Clinuvel: 76,000
- Conditional Performance Rights over shares in Clinuvel: 80,000

Mr. McLiesh has vast experience in commercialising pharmaceutical products internationally. As the former General Manager, Pharmaceuticals at CSL Limited, he was closely involved in the transition of CSL from government ownership through corporatisation to a highly successful listed company. While at CSL, Mr. McLiesh brokered numerous in-licensing agreements with international companies enabling CSL to expand into new markets profitably.

He has also been closely involved in a number of M&A transactions, the establishment of partnerships and collaborative relationships while he was the key professional to negotiate supply agreements for CSL's export products to international markets.

Mr. McLiesh was formerly a Non-Executive director of Unilife Medical Solutions Ltd. His considerable experience in the international pharmaceutical industry benefits Clinuvel's international strategies. In the latter stages of the development program Mr. McLiesh is involved in formulating the commercial phase of Clinuvel.

DR. PHILIPPE J. WOLGEN (JOINED BOARD 2005)

Managing Director and Chief Executive Officer since December 2005

- Non-voting member of the Audit and Risk committee and the Remuneration and Nomination committee
- Qualifications: MBA, MD
- Shares in Clinuvel: 369,500
- Conditional Performance Rights over shares in Clinuvel: 600,000

Having been recognised for his strategic mindset and meticulous business execution, Dr. Wolgen has brought to the company his international finance experience and professional contacts to European capital markets. As a former equity analyst, his in-depth analysis and expertise of the life science sector has been an asset to Clinuvel. He held positions in private pharmaceutical companies in Europe, as MD of two medical centres in the UK and Israel, and consulted for medical device companies. He has been instrumental in raising $74 million since 2006 for the funding of the current development program of SCENESSE®.

Dr. Wolgen holds an MBA from Columbia University NY and the London Business School. Trained as a surgeon, Dr. Wolgen holds an MD from the University of Utrecht, the Netherlands.

DR. HELMER P.K. AGERSBORG (JOINED BOARD 2001)

Executive Director, Chief Scientific Officer since December 2005

- Member of the Remuneration and Nomination Committee (since March 2011)
- Qualifications: BSc PhD
- Shares in Clinuvel: 242,111
- Conditional Performance Rights over shares in Clinuvel: 300,000

Dr. Agersborg is Director of Virxsys Corporation, a US-based gene therapy corporation. He was formerly President of Wyeth-Ayerst Research. During his distinguished 45 years in the pharmaceutical industry, companies under his direction had more than 50 new drug applications approved in the US, countless marketing applications were approved outside the US and innumerable INDs were accepted.

Dr. Agersborg contributes broad international pharmaceutical development experience at the highest level to the company. Since the change of management in the company in November 2005 Dr. Agersborg has served as Chief Scientific Officer. His experience as a toxicologist and understanding of regulatory requirements has been fundamental in the repositioning of the company.

MRS. BRENDA M. SHANAHAN (JOINED BOARD 2007)
Non-Executive Director

- Chair of the Audit and Risk Committee (since September 1, 2010)
- Qualifications: BComm, FAICD, ASIA
- Shares in Clinuvel: 42,007
- Conditional Performance Rights over shares in Clinuvel: 50,000

Mrs. Shanahan has a longstanding background in finance in Australian and overseas' economies and share markets and is a Fellow of the Institute of Directors. She is currently Chair of St Vincent's Medical Research Institute in Melbourne, and is a serving Non-Executive Director of Challenger Limited (ASX:CGF) since 2011 and Bell Financial Group (ASX:BFG) since 2012. Mrs. Shanahan is also a Non-Executive Director of DMP Asset Management and a Director of the not-for-profit Kimberley Foundation Australia. Mrs. Shanahan is the former Chair of Challenger Listed Investments Ltd, the reporting entity for Challenger Infrastructure Fund (ASX:CIF), Challenger Diversified Property Group (ASX: CDI) and Challenger Wine Trust (ASX:CWT).

She is a former member of the Australian Stock Exchange and former Executive Director of a stockbroking firm, a fund management company and an actuarial company. Mrs. Shanahan is well known in the business and financial community; her insights add significant value to the current Board and the company. Mrs. Shanahan was Non-Executive Chair of the Clinuvel Board from late 2007 until July 2010.

MR. LAWRENCE JOHN (JACK) WOOD (JOINED BOARD 2008)
Non-Executive Director

- Chair of the Remuneration and Nomination Committee
- Qualifications: BComm
- Shares in Clinuvel: 100,000
- Options over shares in Clinuvel: 35,000
- Conditional Performance Rights over shares in Clinuvel: 50,000

Mr. Wood has an extensive background in international marketing and manufacture of pharmaceutical products. He has lived in Germany, England, Australia, USA and Canada and overseen pharmaceutical operations throughout Europe, Asia and North America. He is an active member of several civic boards and organisations in Vancouver, Canada. Prior to joining the pharmaceutical industry, Mr. Wood served in the Canadian Armed Forces retiring with the rank of Lt. Col.

Positions held by Mr. Wood during his career include Chairman of EnGene Corporation, director of QLT Inc. (until 2011), and also Executive Vice President CSL Limited Australia, where he coordinated the company's worldwide expansion in the plasma products industry. President and CEO Exogene corporation, Senior Vice President BioResponse Corporation both biotechnology companies sold to Baxter Healthcare Corporation. Mr. Wood was also formerly Vice President Bayer Corporation Pharmaceutical division responsible for operations in Europe and Japan.

Mr. Wood spent over seventeen years with Baxter Healthcare Corporation holding a series of operating and general management positions in North America, Europe, Asia and Australia.

MR. ELIE ISHAG (JOINED BOARD 2011)
Non-Executive Director

- Shares in Clinuvel: 72,733
- Conditional Performance Rights over shares in Clinuvel: 50,000

Mr. Ishag is a London based entrepreneur with over 40 years commercial experience. With a background in pharmaceutical chemistry, Mr. Ishag is active in European asset management, real estate development and IT. Mr. Ishag is currently the Chairman of European Investments & Developments Ltd, a privately held company with an investment mandate in defined asset classes, property development and cross-border commercial real estate. Mr. Ishag has been extensively involved in the commercial evolution and backing of various successful ventures including IT company Espotting Media.

INFORMATION ON COMPANY SECRETARY

MR. DARREN M. KEAMY
Company Secretary, Chief Financial Officer

- Qualifications: BComm, CPA

Certified Practicing Accountant joined Clinuvel Pharmaceuticals Limited November 2005 and became Chief Financial Officer of the Company in 2006.

MEETING OF DIRECTORS

The following table summarises the number of and attendance at all meetings of Directors during the financial year.

DIRECTOR	BOARD		AUDIT & RISK COMMITTEE		REMUNERATION & NOMINATION COMMITTEE	
	A	B	A	B	A	B
Dr. H.P.K. Agersborg	7	7	-	-	4	4
Mrs. B.M. Shanahan	7	7	2	2	-	-
Mr. S.R. McLiesh	7	7	2	2	4	4
Dr. P.J. Wolgen	7	7	2	0	4	1
Mr. L.J. Wood	7	7	-	-	4	4
Mr. E. Ishag	7	7	-	-	-	-

Column A indicates the number of meetings held during the period the Director was a member of the Board and/or Board Committee.

Column B indicates the number of meetings attended during the period the Director was a member of the Board and/or Board Committee

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were to develop its leading drug candidate SCENESSE® (afamelanotide) for the treatment of a range of severe skin disorders. Clinuvel's pioneering work aims at preventing the symptoms of skin diseases related to the exposure to harmful UV radiation along with the need to repigment skin. There was no significant change in the nature of activities during the financial year.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared during the financial year or after reporting date.

REVIEW OF OPERATIONS

A summary of Clinuvel's financial result is presented in the following table:

CONSOLIDATED	2012	2011	CHANGE
	$	$	%
Revenues	1,294,041	2,276,064	(43%)
Net Loss) before income tax expense	(9,767,228)	(11,409,089)	14%
Profit (Loss) after income tax expense	(9,767,228)	(11,409,089)	14%
Basic earnings per share - cents per share	(31.8)	(37.6)	15%
Net tangible assets backing per ordinary share	$0.39	$0.54	(28%)
Dividends	Nil	Nil	Nil

Note: Clinuvel does not operate individual segments.

The group result for the year ending 30 June 2012 was a $9.767 million loss, compared to a $11.409 million loss for the prior financial year, a decrease in the loss of 14%. The group comprises a balance sheet of $13.637 million in net assets at 30 June 2012 compared to $16.408 million at 30 June 2011. Current liabilities decreased 37% to $2.339 million. Monthly average cash spend was $0.971 million for the year compared to $0.929 million for the 2010/11 year.

Research and development accounted for 49% of the group's total expense result for 2011/12, compared to 58% for the 2010/11 year. Research and development expenditures, comprising clinical study costs, drug delivery research and manufacture, toxicity studies, regulatory fees and research and development-specific overheads such as personnel, were $5.389 million in 2012 compared to $7.987 million in 2011. Clinical study costs improved 29% from $2.650 million in 2011 to $1.811 million in 2012 as a result of the majority of the expenditures in conducting the Phase II and Phase III studies in erythropoietic protoporphyria (EPP) and the Phase II actinic keratosis (AK) study were incurred in the 2011 or prior financial years. Expenditures from the drug

delivery program continued to reduce year on year, a 61% improvement from $2.520 million in 2011 compared to $0.979 million in 2012. The process improvement and qualification of implant manufacturing program was completed in the period leading up to the company submitting a dossier in February 2012 to the European Medicines Agency (EMA) to approve SCENESSE® for marketing in EPP. The costs to produce implants for the various clinical trials and other programs in 2012 were incurred in the previous financial period. The number of R&D personnel employed to oversee and monitor the clinical, regulatory and manufacturing programs remained relatively stable, resulting in a negligible improvement in R&D overhead costs (from $2.109 million in 2011 to $2.101 million in 2012). Toxicity study costs and regulatory related fees also decreased year on year, from $0.797 million in 2011 to $0.497 million in 2012. There was no further significant toxicity-related work to add to the long term toxicity studies into the safety profile of SCENESSE ® in 2011.

Marketing activities in the company increased by $0.18 million to $0.81 million in 2012 (29% increase) primarily due to the engagement of a European-based global public relations company to assist communications, media and marketing strategies with an emphasis on a northern hemisphere audience. The result from general operations was $4.657 million in 2012 compared to $4.918 million in 2011, a 5% decrease. General operations comprised 42% of the group's total expense result for 2012 compared to 36% in 2011. The difference year-on-year is due to reduced senior executive overseas travel, general office overheads and an absence of write-downs in redundant fixed assets in 2010/11, partially offset by additional administrative personnel costs. For 2012, a gain of $0.164 million has been recorded in revaluing financial assets held at fair value compared to a gain of $1.015 million for the same period last year. The gain reflects the improvement in values of income securities investments held, however the number of securities held at reporting date has materially reduced to meet ongoing working capital requirements. In contrast, the liquidation of certain income securities has shown a loss of $0.233 million (2011: $0.683 million).

Interest received on cash and financial assets held decreased by 52% from $1.184 million in 2011 to $0.571 million in 2012. The drop in revenues is a result of the gradual decline in cash reserves and financial assets during the course of the financial year for working capital deployment. Sales receipts from the supply of SCENESSE® implants to EPP patients in Italy and Switzerland (since May 2012) under a special access scheme resulted in revenues of $0.722 million during 2012 (2011: $1.041 million). In the weeks following 30 June 2012, orders were received for additional implants totalling €0.446 million (approximately $0.550 million) that will be reported in the 2012/13 financial year. There were no orders for implants in the equivalent July and August 2011 period. Orders for SCENESSE® usually increase in the warmer months and prior to patients becoming more at risk to exposure to UV light, however orders were received later than anticipated for the current northern hemispheric summer. For the 2011/12 year the group started with $17.499 million in cash and financial assets and finished with $13.173 million. In June 2012 the group raised $6.01 million in additional capital. Increased expenditures in currencies other than the Australian dollar resulted in currency gains of $0.05 million in 2011 and were reported as revenue. In 2012, it was a loss of $0.002 million and reported in expenses from General Operations.

At 30 June 2012 basic earnings per share were -$0.318 on 34,651,874 issued ordinary shares. This is compared to basic earnings per share of -$0.376 as at 30 June 2011 on 30,381,706 issued ordinary shares

The advancement in the group's clinical and regulatory activities in preceding years to commercialise SCENESSE® was matched by a number of significant achievements in 2011/12. The major highlights include:

- The completion of the pre-clinical program for SCENESSE®. The data from four pre-clinical studies confirmed results from earlier pre-clinical trials. The studies investigated the longer term effects of afamelanotide and the effects of the drug in repeated reproductive toxicology models, using significantly higher and more frequent levels of drug exposure compared to those used in patients. The focus of the pre-clinical program was on the safety aspects of afamelanotide.

- The presentation of early clinical observations from the group's first Phase II pilot trial (CUV102) of SCENESSE® in patients with vitiligo at the European Academy of Dermatology and Venereology (EADV) meeting in Lisbon in October 2011. Early observations in 21 patients showed that monthly dosing of afamelanotide (16mg implant) in combination with narrowband light therapy (NB-UVB) had the capacity to achieve accelerated and deeper pigmentation of vitiliginous (depigmented) skin lesions. A number of patients required less NB-UVB dosing during the course of combination treatment. The findings supported the scientific premise that melanocytes are able to adequately respond to the newly introduced pharmaceutical therapy with melanisation of the skin in vitiligo. the newly introduced pharmaceutical therapy with melanisation of the skin in vitiligo. Further observations from this study, along with observations from the company's completed EPP trials, were presented at the American Academy of Dermatology (AAD) meeting in San Diego in March 2012

- An announcement that the analyses from the group's Phase II study in EPP (CUV030) had shown a clinically relevant positive prophylactic treatment effect for patients who had been administered SCENESSE®. Results of the study showed that SCENESSE® was well tolerated, allowed EPP patients to expose their skin to sunlight during the middle of the day and improved their quality of life. Overall the study demonstrated a strong clinical benefit to patients, despite their deeply learned behaviour to avoid reactions caused by sun exposure. Patients who received the active drug were able to spend more time in direct sunlight between 10 AM and 3 PM and 10 AM and 8 PM in comparison to placebo patients. The indicated times are the periods of the highest UV intensity, equating

to the 'brightest' times of the day when EPP patients are most at risk of developing phototoxic symptoms. Patients on drug reported a three-fold increase in the median amount of time in direct sunlight compared to placebo. Consequently many patients on drug reported no pain or only mild pain compared to their previous life of experiencing severe phototoxic reactions.

- The announcement of encouraging interim safety results of SCENESSE® in the Phase II study in organ transplant recipients who are susceptible to experiencing a high rate of skin cancer due to the essential long term use of immunosuppressant drugs to prevent organ rejection. Given the high incidence of co-existing diseases due to the long term use of immunosuppressive drugs in these patients, it was noted that no significant safety concerns were seen during the first 12 months of consecutive use of SCENESSE®. The treatment was well tolerated with the most frequent adverse events being abdominal pain, fatigue, headaches, nausea and vomiting, mostly mild in severity.

- The completion and announcement of analyses of its confirmatory Phase III European study in EPP (CUV029) had shown a clinically relevant positive prophylactic treatment effect for patients who had been administered SCENESSE®. Similar to the results reported for the CUV030 Phase II study in the USA, the results of this study showed that SCENESSE® to be well tolerated, and allowed EPP patients to expose their skin to sunlight during the middle of the day without or with reduced pain and improving their quality of life. Overall the study demonstrated a strong clinical benefit to patients, despite their deeply learned behaviour to avoid reactions caused by sun exposure.

- In February 2012 the group announced that it had submitted its first ever marketing authorisation application (MAA) for its first-in-class drug SCENESSE® to the European Medicines Agency (EMA). The MAA covers the use of SCENESSE® as a prophylactic treatment in adult patients with EPP. The review by the EMA will be under the EMA's Centralised Procedure. An approval under this scheme will allow Clinuvel to market SCENESSE® in all 27 European Union member states as well as Norway, Iceland and Liechtenstein.

- An announcement that SCENESSE® had been accepted by leading health insurers in Switzerland for full reimbursement for the prophylactic treatment of patients with EPP, with immediate effect. The costs of supply will be covered in full by the insurance companies. Switzerland was the second country where SCENESSE® is fully reimbursed for EPP (after Italy in 2010). Both countries have allowed supply of the drug under specific laws prior to formal European approval to assist EPP patients to lead an improved life.

- An announcement that the group had commenced a confirmatory Phase III US study of SCENESSE® in patients diagnosed with EPP (CUV039). The six-month, randomised, multicentre, double-blind, placebo-controlled study will recruit up to 100 adult EPP patients in seven specialist centres (Alabama, California, Michigan, New York, North Carolina, Texas and Utah).

- An announcement that the group had successfully raised $6.01 million via a placement to international and domestic institutional and professional investors at a 4.3% premium to the 20 day volume weighted average leading up to the date of placement. The funds raised is intended to be used for the ongoing development of SCENESSE® for the Phase III confirmatory clinical trial in EPP in the US, and an expanded global clinical trial program in patients with vitiligo.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Directors are not aware of any matter or circumstance not otherwise dealt with in this report that has significantly or may significantly affect the operations of the consolidated entity.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not been any matter that has arisen since the end of the financial year, that has affected or could significantly affect, the operations of the consolidated entity.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Information on the expected results of operations and research and development has not been included in this report because the Directors believe it would be unreasonable and speculative to do so.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory or of any other jurisdiction.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows.

The company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising of their conduct while acting in the capacity of Director of the company, other than conduct involving wilful breach of duty in relation to the company. The cost of the aforementioned insurance premium for 12 months was $48,730 (2011: $56,690 (14 months premium)).

DIRECTORS' BENEFITS AND INTEREST IN CONTRACTS

Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by Directors shown in the financial statements and the remuneration report), because of a contract that the Director or a firm of which the Director is a member, or an entity in which the Director has a substantial interest has made with a controlled entity.

Further information on these contracts is included in Note 20 to the financial statements.

REMUNERATION REPORT

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The Board has overseen a reward framework:

- to ensure the most qualified and experienced Directors and Executives are attracted and retained, both domestically and internationally, at internationally competitive rates;
- to align management interest with that of the company's shareholders;
- to support the achievement of the company's strategic objectives.

The reward framework provides a mix of fixed and variable pay, structured to incentivise over the long-term and short-term.

- Short-term (generally cash payment in the form of performance-based bonuses at a fixed amount or as a percentage of base salary).
- Long-term (generally based upon the issue of options and/or performance rights to acquire shares in the Company). Performance rights are issued under the company's Conditional Rights Plan approved by shareholders 18 November 2009 and is currently available to Executives and Directors, subject to shareholder approval. The vesting conditions can be either time and/or performance milestone-based. Options are were formerly issued under the company's Share Option Plan approved by shareholders 25 January 2007 and the vesting conditions were either time and/or performance milestone-based. The Company does not intend to issue further share options under the Share Option Plan. The Conditional rights Plan was instituted to replace the Share Option Plan.

The Board has provided a mandate to the Remuneration and Nomination Committee to provide advice on salaries and fees, short and long-term incentives and employment terms and conditions for Directors and Executives. The Remuneration and Nomination Committee obtains independent data to assess the appropriateness of remuneration packages, given trends in comparative companies.

The Committee reviews the remuneration and incentive levels for Directors and specified Executives annually.

The Corporate Governance Statement provides further information on the role of the Committee.

NON-EXECUTIVE REMUNERATION

Under the company's Constitution, the maximum aggregate remuneration available for division among the Non-Executive Directors is to be determined by the shareholders in a General Meeting. The maximum aggregate is currently fixed at $400,000. This amount (or some part of it) is to be divided among the Non-Executive Directors as determined by the Board. Non-Executive Directors' base fees are presently $50,000 per annum inclusive of superannuation. The Chair receives $80,000 per annum inclusive of superannuation when in a Non-Executive capacity. The Chair's role is for a 12 month term, whereby the Company reserves the right to extend the term for another 12 month period. The Heads of the Audit and Risk and the Remuneration and Nomination Committees receive $65,000 per annum inclusive of superannuation when in a Non-Executive capacity. Director's fees are considered appropriate given their skills, qualifications and experience comparative to the external market.

Subject to shareholder approval, Non-Executive Directors can be issued performance rights under the company's Conditional Rights Plan. Non-Executive Directors can be issued performance rights to align their interests with that of shareholders and to reflect their greater role in the management of the company comparative to peer companies (and reflected in a smaller management team). The number of performance rights and nature of vesting is determined after the Director's appointment. One Non-Executive Director holds unlisted share options which were previously issued under the Company's Share Option Plan and are unexpired. This Plan is no longer used.

There are no further retirement benefits, other than statutory superannuation entitlements, offered to Non-Executive Directors.

From July 1 2012, as a means to restrict company cash flow during the period of time needed for the EMA to evaluate the dossier to approve the marketing of SCENESSE® in Europe, it was agreed in the July 2012 Directors' meeting to defer payment of all Non-Executive Directors' fees for an initial period of up to six months. Upon the completion of the six month period the Board will decide whether to

continue extending the deferral of Director fee payments for a further six months.

EXECUTIVE REMUNERATION

Remuneration packages for Executives may include:

- Base pay and benefits (including statutory benefits);
- Short-term incentive payments through the achievement of pre-specified performance-based targets;
- Longer-term business generation incentive payments through the achievement of pre-specified performance-based targets;
- Long-term equity participation in Clinuvel's Conditional Rights Plan.

Base pay, including superannuation, is reviewed annually by the Remuneration and Nomination Committee to ensure the Executive's pay is competitive in international markets. There are no guaranteed base pay increases in any Executives' contracts. Health insurance, accommodation benefits and living away from home allowances are offered to Executives under specific circumstances.

The CEO and CSO have their own individual short-term incentive component to their Executive remuneration and the CEO has also longer-term incentive components to his Executive remuneration. Appropriate targets are set by the Remuneration and Nomination Committee. The targets can relate to either the clinical and regulatory development program or to corporate and associated activities and are generally, but not always, evaluated for achievement, reviewed and reset (if required) annually. Payment of short-term incentives is made in the financial year following the year of achievement. The methods used by the Remuneration and Nomination Committee to assess Board performance is disclosed in the Corporate Governance Protocol. The remaining Executives receive discretionary short term incentives, evaluated annually against targets set at each performance review.

The long-term equity remuneration is provided to Executive Directors and certain employees via the Clinuvel Conditional Rights Plan. See page 25 for further information.

COMPANY PERFORMANCE AND EXECUTIVE DIRECTOR REMUNERATION

Due to the inherent and specific risk pharmaceutical development whereby the risks are exacerbated by the company focussing on a novel, first-in-class drug, the Board has adopted a business model where most operational tasks are being retained in-house, where possible, and all management responsibilities concentrated between the two Executive Directors. This management structure has served the company since 2005. The Chief Executive Officer has the responsibility of guiding and overseeing the execution of global regulatory strategies and acts additionally in the capacity as Chief Medical Officer who has global responsibility for the clinical program, safety aspects of the drug and pharmacovigilance. The Chief Scientific Officer is responsible for pre-clinical programs and toxicology, the manufacturing of the drug delivery program and setting the regulatory strategies in close coordination with Chief Executive Officer and senior management. This model is subject to change the next 12 months to de-centralise some of these responsibilities over the forthcoming financial year to senior management. Both Executive Directors will remain on the Commercial Management Committee, set up to oversee the best commercial options for SCENESSE®.

The current Executive Director Remuneration structure is set up to reflect the expertise, qualifications, seniority and achievements to date of the Executive Directors in advancing the company's program to its current stage of development, taking into account the business model in place.

For the 2011/12 year, the Directors' remuneration table disclosed on page 26 and included in the financial statements reflects an accounting charge of $148,598 to the Chief Executive Officer in connection to the issue of 900,000 share options under the company's Share Option Plan, and an accounting charge of $37,149 to the Chief Scientific Officer in connection to the issue of 250,000 share options under the company's Share Option Plan, as approved by shareholders in 2007. The exercise price of these options was $8.60 and the date of expiry was 9th February 2012. All vested options up to the date of expiry lapsed and no actual benefit was realised by either the Chief Executive Officer or the Chief Scientific Officer in connection to the issue of the options, either in the current or previous financial years.

For the 2011/12 year, the Directors' remuneration table disclosed on page 26 and included in the financial statements reflects an accounting charge of $254,100 to the Chief Executive Officer in connection to the issue of 900,000 conditional performance rights under the company's Conditional Rights Plan, and an accounting charge of $132,291 to the Chief Scientific Officer in connection to the issue of 450,000 conditional performance rights under the company's Conditional Rights Plan, as approved by shareholders in 2010. The accounting charges represent a financial valuation of the performance rights for the current year irrespective of performance conditions actually being achieved during the year which would allow the Executive Directors to exercise the performance rights. For further information on the holdings of conditional performance rights by the Executive Directors, see the additional information on options and rights in the remuneration report (following) and Note 18 to the Notes to and Forming Part of the Financial Statements.

In the 2011/12 year, the Chief Executive Officer elected to have paid out during the year unused and accrued annual leave in lieu of taking such leave during the current and previous years, as permitted by law, totaling $152,026 in salary.

From July 1 2012, As a means to restrict company cash flow during the period of time needed for the EMA to evaluate the dossier to approve the marketing of SCENESSE® in Europe, it was agreed in the July 2012 Director's meeting for the Chief Scientific Officer to defer 50% of his base salary for up to six months and for the Chief Executive Officer to defer 100% of any short-term incentive payment that may be owed during this period (with their consent). Upon the completion of the six month period the Board will decide whether to extend continue extending the deferral of paying 50% of the Chief Scientific Officer salary and deferring payment of any short term incentive payment owed to the Chief Executive Officer for a further six months (with their consent).

SERVICE AGREEMENTS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board's policies, the Director's responsibilities and compensation for holding office.

Remuneration and other terms of employment for the Chief Executive Officer and Chief Scientific Officer are formalised by service agreements determined by the Remuneration and Nomination Committee. The agreements provide for base salary, short- and long-term bonuses, other benefits and participation, when eligible, in the Clinuvel Conditional Rights Plan. The Managing Director, in consultation with the Remuneration and Nomination Committee, oversees the service agreements entered into with company Executives, providing for base salary, bonuses, other benefits and participation, when eligible, in the Clinuvel Conditional Rights Plan.

The details of the service agreements to Executive Directors and key management personnel are:

- Dr. Wolgen's (Managing Director and Chief Executive Officer) term of employment is 3 years from 18 May 2010, his base salary exclusive of retirement benefits for the year to 30 June 2012 is $608,172 and his service agreement is with the wholly-owned Swiss subsidiary entity. Termination payment is set at 12 months of base salary provided the termination is not for a material breach of the agreement. The base salary is not CPI indexed. Dr. Wolgen is required to provide 6 month's notice.

- Dr. Agersborg (Director & Chief Scientific Officer) is on a 12 month rolling contract and his base salary inclusive of superannuation for the year ending 30 June 2012 is $290,890. Termination payments are set at 3 months of base salary provided the termination is not for a material breach of the agreement. The base salary is not CPI indexed. Dr. Agersborg is not required to provide a specified notice period.

- Dr. Wright's term of employment is on-going and his base salary inclusive of superannuation for the year to 30 June 2012 is $217,413. Termination payments are set at 3 months of base salary provided the termination is not for a material breach of the agreement. Dr. Wright is required to provide 3 month's notice.

- Mr. Keamy's term of employment is on-going and his base salary inclusive of superannuation for the year to 30 June 2012 is $188,859. Termination payments are set at 3 months of base salary provided the termination is not for a material breach of the agreement. Mr. Keamy is required to provide 3 month's notice.

SHARE-BASED REMUNERATION

The consolidated entity has an ownership based scheme for Directors, key management personnel and select consultants of the company and is designed to provide long-term incentives for Directors and Executives to deliver long-term shareholder value.

CONDITIONAL PERFORMANCE RIGHTS:

All performance rights issued fall under the Clinuvel Conditional Rights Plan, available to eligible employees of the company. Any issue of rights to Executive and Non-Executive Directors requires shareholder approval in accordance with ASX Listing Rules. All rights converts to one ordinary share of the consolidated entity, are issued for nil consideration, have no voting rights, are non-transferable and are not listed on the ASX. They can be converted to ordinary shares at any time once the vesting conditions attached to the rights have been achieved, whereby they will be held by a Scheme Trustee on behalf of the eligible employee for up to 7 years. The eligible employee can request for shares to be transferred from the Scheme Trust after 7 years or at an earlier date if the eligible employee is no longer employed by the company or if all transfer restrictions are satisfied or waived by the Board in its discretion. The number of rights granted is subject to approval by the Remuneration and Nomination Committee. Rights currently have specific terms and conditions, being the achievement of performance milestones set by the directors of the consolidated entity.

SHARE OPTIONS:

At 30 June 2012, only one Non-Executive Director (Mr. Jack Wood) holds unlisted share options which were previously issued under the Company's Share Option Plan and remain unexpired. This Plan is no longer used.

These share options were previously issued under the Clinuvel Employee Share Option Plan, approved by shareholders at a shareholder meeting on 25 January 2007. These share options convert to one ordinary share of the consolidated entity, were issued for nil consideration, have no voting rights attached to the option and can be exercised any time from the date of vesting to the date of expiry. They are non-transferable and not listed on the ASX. The exercise price was based on the weighted average price at which the company's shares were traded on the ASX 20 business days leading up to the date of grant, plus 10%.

The number of options granted was subject to approval by the Remuneration and Nomination Committee and (with respect to Directors) by shareholders at previous General Meetings. Options currently issued and unexpired at 30 June 30 2012 are fully vested and those options which lapsed during the year had specific terms and conditions, from 12 month restriction periods for the number of options to vest, to monthly restriction periods over 48 months, and to the satisfaction of performance objectives that were set by the Directors of the consolidated entity prior to the date of grant of options. The Company does not intend to issue further share options under this Plan.

DETAILS OF REMUNERATION

The key management personnel of Clinuvel Pharmaceuticals Ltd are those Executives Directors disclosed in the Information of Directors section to this report and the following specified Executives:

DR. D.J. WRIGHT
Vice President, Scientific Affairs

MR. D.M. KEAMY
Chief Financial Officer and Company Secretary

REMUNERATION OF THE DIRECTORS OF THE COMPANY FOR THE YEAR ENDED 30 JUNE 2012

	SHORT-TERM EMPLOYMENT BENEFITS				POST-EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS[3] (ACCOUNTING CHARGE ONLY)		
DIRECTOR	SALARY	ANNUAL LEAVE CASHED OUT[1]	CASH BONUS	OTHER [2]	SUPERANNUATION / PENSION FUND	PERF. RIGHTS	OPTIONS	TOTAL
	$	$	$	$	$	$	$	$
Dr. H.P.K. Agersborg	290,890	-	-	-	-	132,291	37,149	460,330
Mr. S.R. McLiesh	73,395	-	-	-	6,606	29,483	11,038	120,522
Dr. P.J. Wolgen	608,172	152,026	309,111	88,992	7,540	254,100	148,598	1,568,539
Mrs. B.M. Shanahan	59,633	-	-	-	5,367	18,427	22,825	106,252
Mr. L.J. Wood	65,000	-	-	-	-	18,427	3,373	86,800
Mr. E. Ishag	50,000	-	-	-	-	18,427	-	68,427
Total	**1,147,090**	**152,026**	**309,111**	**88,992**	**19,513**	**471,155**	**222,983**	**2,410,870**

1. Unused and accrued annual leave was paid out in lieu of taking such leave during the year, as permitted by law.

2. 'Other' includes health insurance, housing and other allowances subject to fringe benefits tax to facilitate relocation to the European office.

3. As these values are accounting values the director may not actually receive any benefit from these amounts, either in the current or future reporting periods. The value of all performance rights and share options granted, exercised and lapsed during the financial year is detailed in the following tables within the Remuneration Report.

REMUNERATION OF THE SPECIFIED EXECUTIVES OF THE COMPANY FOR THE YEAR ENDED 30 JUNE 2012

	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS[2] (Accounting Charge Only)		
EXECUTIVE	SALARY	CASH BONUS	OTHER [1]	SUPERANNUATION/ PENSION FUND	PERF. RIGHTS	OPTIONS	TOTAL
	$	$	$	$	$	$	$
Dr. D.J. Wright	201,638	26,151	52,956	15,775	104,561	25,754	426,835
Mr. D.M. Keamy	173,978	19,534	39,736	14,881	91,435	17,395	356,959
Total	**375,616**	**45,685**	**92,692**	**30,656**	**195,996**	**43,149**	**783,794**

1. 'Other' includes health insurance, housing and other allowances to facilitate relocation of specified Executives.

2. As these values are accounting values, the specified Executives may not actually receive any benefit from these amounts, either in the current or future reporting periods. The value of all performance rights and share options granted, exercised and lapsed during the financial year is detailed in the following tables within the Remuneration Report.

REMUNERATION OF THE DIRECTORS OF THE COMPANY FOR THE YEAR ENDED 30 JUNE 2011

	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS[2] (Accounting Charge Only)		
DIRECTOR	SALARY	CASH BONUS	OTHER[1]	SUPERANNUATION/ PENSION FUND	PERF. RIGHTS	OPTIONS	TOTAL
	$	$	$	$	$	$	$
Dr. H.P.K. Agersborg	304,388	-	-	-	254,545	60,534	619,467
Mr. S.R. McLiesh	73,395	-	-	6,605	-	17,987	97,987
Dr. R. Aston	9,939	-	-	895	-	35,283	46,117
Dr. P.J. Wolgen	597,770	-	65,618	7,347	494,715	242,134	1,407,584
Mrs. B.M. Shanahan	57,339	-	-	5,161	-	37,192	99,692
Mr. L.J. Wood	58,750	-	-	-	-	3,364	62,114
Mr. E. Ishag	20,833	-	-	-	-	-	20,833
Total	**1,122,414**	**-**	**65,618**	**20,008**	**749,260**	**396,494**	**2,353,794**

1. 'Other' includes health insurance, housing and other allowances subject to fringe benefits tax to facilitate relocation to the European office.

2. As these values are accounting values the director may not actually receive any benefit from these amounts, either in the current or future reporting periods. The value of all performance rights and share options granted, exercised and lapsed during the financial year is detailed in the following tables within the Remuneration Report.

REMUNERATION OF THE SPECIFIED EXECUTIVES OF THE COMPANY FOR THE YEAR ENDED 30 JUNE 2011

	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS[2] (Accounting Charge Only)		
EXECUTIVE	SALARY	CASH BONUS	OTHER[1]	SUPERANNUATION/ PENSION FUND	PERF. RIGHTS	OPTIONS	TOTAL
	$	$	$	$	$	$	$
Dr. D.J. Wright	190,860	22,427	16,471	15,199	64,926	41,965	351,848
Mr. D.M. Keamy	160,542	22,427	38,610	14,378	26,045	28,345	290,347
Total	**351,402**	**44,854**	**55,081**	**29,577**	**90,971**	**70,310**	**642,195**

1. Other' includes health insurance, housing and other allowances subject to fringe benefits tax to facilitate relocation to the European office.

2. As these values are accounting values the director may not actually receive any benefit from these amounts, either in the current or future reporting periods. The value of all performance rights and share options granted, exercised and lapsed during the financial year is detailed in the following tables within the Remuneration Report.

THE RELATIVE PROPORTIONS OF REMUNERATION BETWEEN FIXED AND BASED ON PERFORMANCE FOR THE YEARS ENDING 30 JUNE 2012 AND JUNE 2011

	2012		2011	
	FIXED REMUNERATION	PERFORMANCE BASED	FIXED REMUNERATION	PERFORMANCE BASED
Dr. P.J. Wolgen	64%	36%	87%	13%
Dr. H.P.K. Agersborg	71%	29%	84%	16%
Dr. D.J. Wright	69%	31%	75%	25%
Mr. D.M. Keamy	69%	31%	83%	17%

TERMS AND CONDITIONS OF EACH GRANT OF OPTIONS AFFECTING REMUNERATION IN THE CURRENT OR FUTURE REPORTING PERIODS

ENTITY	NUMBER OF SHARES UNDER OPTIONS	EXERCISE PRICE	VALUE PER OPTION ON GRANT DATE	CLASS	GRANT DATE	VESTED & EXERCISABLE DATES	EXPIRY DATE
Clinuvel	1,136,000	$8.60	$2.46	Ordinary	09/02/2007	monthly over 48 periods	09/02/2012
Clinuvel		$8.60	$2.20			31/12/2007	
Clinuvel		$8.60	$2.30			09/02/2008	
Clinuvel		$8.60	$2.60			31/12/2009	
Clinuvel		$8.60	$2.40			09/02/2009	
Clinuvel	35,000	$2.75	$0.40	Ordinary	18/11/2008	18/11/2008	18/11/2013
Clinuvel		$2.75	$0.50			18/11/2009	
Clinuvel		$2.75	$0.50			18/11/2010	

TERMS AND CONDITIONS OF EACH GRANT OF RIGHTS AFFECTING REMUNERATION IN THE CURRENT OR FUTURE REPORTING PERIODS

ENTITY	NUMBER OF RIGHTS	VALUE PER RIGHT ON GRANT DATE	CLASS	GRANT DATE	VESTING DATE FOR RETENTION IN SCHEME TRUST
Clinuvel	118,250	$2.00	Ordinary	16/10/2009	
Clinuvel	3,750	$1.70	Ordinary	07/01/2010	
Clinuvel	186,667	$1.04	Ordinary	25/11/2010	
Clinuvel	149,167	$1.04	Ordinary	25/11/2010	
Clinuvel	149,167	$1.04	Ordinary	25/11/2010	
Clinuvel	149,167	$1.04	Ordinary	25/11/2010	
Clinuvel	149,167	$1.04	Ordinary	25/11/2010	
Clinuvel	116,665	$1.04	Ordinary	25/11/2010	
Clinuvel	239,268	$0.55	Ordinary	16/09/2011	06/02/2012
Clinuvel	86,418	$0.67	Ordinary	16/09/2011	15/03/2012
Clinuvel	75,000	$0.72	Ordinary	16/09/2011	
Clinuvel	55,640	$0.69	Ordinary	16/09/2011	
Clinuvel	122,938	$0.71	Ordinary	16/09/2011	
Clinuvel	140,223	$0.71	Ordinary	16/09/2011	
Clinuvel	61,460	$0.71	Ordinary	16/09/2011	
Clinuvel	140,768	$0.72	Ordinary	16/09/2011	
Clinuvel	72,506	$0.55	Ordinary	16/09/2011	20/12/2011
Clinuvel	175,126	$0.69	Ordinary	16/09/2011	
Clinuvel	131,653	$0.64	Ordinary	16/09/2011	
Clinuvel	115,000	$0.67	Ordinary	16/11/2011	
Clinuvel	115,000	$0.67	Ordinary	16/11/2011	

SHARES PROVIDED TO DEPARTING EMPLOYEES UPON EXERCISE OF OPTIONS AND RIGHTS

ENTITY	NUMBER OF SHARES ISSUED	AMOUNT PAID FOR SHARES:	CLASS
Clinuvel	39,125	Nil$	Ordinary

These shares were issued by the Scheme Trustee to departing employees who resigned from the consolidated entity during the year or had their transfer restrictions waived by the Board in their discretion.

No shares were issued during the financial year as a result of exercise of options. No shares were provided upon exercise of options to Directors or key management personnel during the years ending 30 June 2012 and 30 June 2011.

FURTHER INFORMATION – SHARE-BASED COMPENSATION

	A	B	C	D
	% OF REMUNERATION CONSISTING OF OPTIONS AND RIGHTS	VALUE AT GRANT DATE	VALUE AT EXERCISE DATE	VALUE AT LAPSE DATE
Dr. H.P.K. Agersborg	36.8%	-	-	37,149
Mr. S.R. McLiesh	33.6%	29,483	-	11,038
Dr. P.J. Wolgen	25.7%	-	-	148,598
Mrs. B.M. Shanahan	38.8%	18,427	-	22,825
Mr. L.J. Wood	25.1%	18,427	-	-
Mr. E. Ishag	26.9%	18,427	-	-
Dr. D.J. Wright	30.5%	75,341	-	25,754
Mr. D.M. Keamy	30.5%	78,077	-	17,395

A. The percentage of the value of remuneration consisting of options and/or rights, based on the value of the options and/or rights expensed during the year.

B. The value at grant date calculated in accordance with AASB 2 Share Based Payments of options and/or rights granted during the year as part of remuneration.

C. The value at exercise date of options and/or rights that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options and/or rights at that date.

D. The value at lapse date of options and/or rights that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing but assuming the condition was satisfied.

Options were priced using the Black Scholes Binominal option pricing model. The expected life used in the model is assumed to be the midpoint between the vesting date and exercise date. Expected volatility of each share option is based on the historical share price for the same length of time for the expected life of the options. It is assumed that the consolidated entity will not pay any dividends during the life of the option, and the risk free rate used in the option pricing model is assumed to be the zero coupon interest rate on valuation date.

Performance Rights were priced using either a binomial or trinomial pricing model. There is no limitation on the life of the right. Expected volatility of each right is based on the historical share price for the approximate length of time for the expected life of the rights. It is assumed that the consolidated entity will not pay any dividends during the life of the option, and the risk free rate used in the pricing model is assumed to be the yield on either 1 year, 2 year, 3 year or 4 year Government bonds. The exercise conditions are non-marketable and a discount for lack of marketability was applied to the pricing model.

ADDITIONAL INFORMATION ON OPTIONS AND RIGHTS ISSUED TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

* FOR RETENTION IN THE SCHEME TRUST - TRANSFER RESTRICTIONS APPLY

	OPTIONS VESTED DURING THE YEAR – 2012	OPTIONS VESTED DURING THE YEAR – 2011	OPTIONS GRANTED DURING THE YEAR – 2012	OPTIONS GRANTED DURING THE YEAR – 2011	RIGHTS VESTED DURING THE YEAR – 2012	RIGHTS VESTED DURING THE YEAR – 2011	RIGHTS GRANTED DURING THE YEAR – 2012	RIGHTS GRANTED DURING THE YEAR – 2011
Dr. H.P.K. Agersborg	-	-	-	-	57,500	150,000	-	450,000
Mr. S.R. McLiesh	-	-	-	-	-	-	80,000	-
Dr. P.J. Wolgen	-	-	-	-	91,667	300,000	-	900,000
Mrs. B.M. Shanahan	-	-	-	-	-	-	50,000	-
Mr. L.J. Wood	-	11,667	-	-	-	-	50,000	-
Mr. E. Ishag	-	-	-	-	-	-	50,000	-
Dr. D.J. Wright	-	10,208	-	-	92,917	5,000	162,500	-
Mr. D.M. Keamy	-	7,292	-	-	52,680	4,000	160,000	-

ADDITIONAL INFORMATION - REMUNERATION

For each cash bonus and option and/or right granted, the percentage of the available grant or bonus that was paid or vested in the financial year, and the percentage forfeited due to unmet milestones (including service length), is set out below. Bonuses are paid in the year following the period of performance.

REMUNERATION DETAILS OF CASH BONUSES AND OPTIONS/RIGHTS

	BONUS		OPTIONS AND RIGHTS						
	PAID	FORFEITED	YEAR GRANTED	TYPE	VESTED	FORFEITED	YEAR OF VESTING	MINIMUM GRANT VALUE YET TO VEST($)	MAXIMUM GRANT VALUE YET TO VEST ($)
Dr. H.P.K. Agersborg	0%	0%	2006/07	Options	0%	100%	-	-	-
			2010/11	Rights	13%	0%	2011/12	-	-
			2010/11	Rights	0%	0%	No limitation	-	252,500
Dr. P.J. Wolgen	50%	50%	2006/07	Options	0%	100%	-	-	-
			2010/11	Rights	10%	0%	2011/12		-
			2010/11	Rights	0%	0%	No limitation	-	528,666
Mr. S.R. McLiesh	0%	0%	2006/07	Options	0%	100%	-	-	-
			2011/12	Rights	0%	0%	No limitation	-	53,381
Mr. L.J. Wood	0%	0%	2008/09	Options	0%	0%	-	-	-
			2011/12	Rights	0%	0%	No limitation	-	33,363
Mrs. B.M. Shanahan	0%	0%	2006/07	Options	0%	100%	-	-	-
			2011/12	Rights	0%	0%	No limitation	-	33,363
Mr. E. Ishag	0%	0%	2006/07	Options	0%	100%	-	-	-
			2011/12	Rights	0%	0%	No limitation	-	33,363
Dr. D.J. Wright	0%	0%	2006/07	Options	0%	100%	-	-	-
			2009/10	Rights	39%	0%	2011/12	-	87,500
			2011/12	Rights	36%	0%	2011/12	-	71,439
Mr. D.M. Keamy	0%	0%	2006/07	Options	0%	100%	-	-	-
			2009/10	Rights	30%	0%	2011/12	-	40,000
			2011/12	Rights	25%	0%	2011/12	-	83,718

The exercise price for those options granted in 2006/07 is $8.60. The exercise price for those options granted to Mr. Wood in 2008/09 is $2.75. The exercise price for those rights granted between 2009/10 and 2011/12 was $Nil. Excluding the CEO, cash bonuses paid to Executives were discretionary.

PERFORMANCE OF CLINUVEL PHARMACEUTICALS LTD AND CONTROLLED ENTITIES

The consolidated entity is solely dedicated to the research and development of unique and medically beneficial technology with the aim of future commercialisation once testing and development is complete. It is anticipated the consolidated entity will not derive profit and pay a dividend until commercialisation of the drug under research and development occurs. With very few peer competitors developing drugs in the field of photoprotection and repigmentation, shareholder interest is promoted through the company successfully completing regulatory milestones and clinical trials. The following table shows the progress made in moving through the clinical pathway, reflecting the performance of the Executive team.

The remuneration and incentive framework, which has been put in place by the Board, has ensured the Executives are focussed on both maximising short-term operating performance and long-term strategic growth. This has been an important factor in the consolidated entity moving closer to commercialisation of its drug under research and development.

CLINICAL PROGRESS

DETAILS OF UNISSUED SHARES OR INTERESTS UNDER OPTIONS OR RIGHTS

ENTITY	NUMBER OF SHARES UNDER OPTIONS *	NUMBER OF SHARES UNDER RIGHTS *	EXERCISE PRICE *	CLASS	EXPIRY DATE
Clinuvel Pharmaceuticals	35,000	-	$2.75	Ordinary	18/11/2013
Clinuvel Pharmaceuticals	-	2,161,779	$Nil	Ordinary	Upon achievement of specific performance and time-based milestones

LOANS TO DIRECTORS AND EXECUTIVES

No loans were granted to Directors or Executives for the years ending 30 June 2012 and 30 June 2011.

NON-AUDIT SERVICES

For the years ending 30 June 2012 and 30 June 2011 Grant Thornton only provided audit services to the company.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required by s.307C of the Corporations Act 2001 is included and forms part of this Director's Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors pursuant to s.298(2) of The Corporations Act 2001.

Dr. Philippe Wolgen

Managing Director

Dated this 29th day of August, 2012

CORPORATE GOVERNANCE STATEMENT

OVERVIEW

Corporate governance is the system by which the company is directed and managed. It is the framework within which:

- the Clinuvel Pharmaceuticals Ltd Board of Directors is accountable to shareholders for the performance of the company;
- the company's strategic direction is set;
- the risks of business are identified and managed;
- Clinuvel Pharmaceuticals Ltd's values and behaviour underpin the way it does business.

This statement outlines the main corporate governance principles and practices of Clinuvel Pharmaceuticals Ltd and is organised under headings based on the Australian Stock Exchange Corporate Governance Council's (ASXCGC) Corporate Governance Principles and Recommendations with 2010 Amendments, 2nd Edition. The company's charters and policies were comprehensively reviewed and updated in April 2005 and November 2009.

Charters and policies referred to are available on Clinuvel Pharmaceuticals Ltd's internet site (www.clinuvel.com).

The Board is accountable to shareholders for the performance of Clinuvel Pharmaceuticals Ltd.

Clinuvel Pharmaceuticals Ltd's shareholders appoint the company's Directors and hold them accountable for the performance of the company.

THE BOARD PRESCRIBES THE RESPECTIVE ROLES AND RESPONSIBILITIES OF BOARD AND MANAGEMENT (ASXCGC PRINCIPLE 1)

The Board strives to create shareholder value and ensure that shareholders' funds are prudently safeguarded. The Board's functions are summarised in the Board Charter, posted on the company's internet site.

The Board delegates to the Managing Director the authority to manage the company and its businesses within levels of authority specified by the Board from time to time.

The responsibilities and terms of employment, including termination entitlements, for the Managing Director and senior Executives are set out in a formal letter of appointment.

Letters of employment are also prepared for Non-Executive Directors, covering duties, time commitments, induction and the corporate governance framework described on the company's internet site.

At a minimum, the performance of each senior Executive is appraised by the Managing Director annually against agreed targets, set either upon appointment or at the time of prior performance evaluation. Performance targets for senior Executives are reviewed by the Remuneration and Nomination Committee.

For the reporting period, the performances of the company's senior Executives were evaluated in accordance to the above.

CLINUVEL PHARMACEUTICALS LTD HAS A BOARD OF EFFECTIVE COMPOSITION, SIZE AND COMMITMENT TO DISCHARGE ITS RESPONSIBILITIES AND DUTIES (ASXCGC PRINCIPLE 2)

The Clinuvel Pharmaceuticals Ltd Board Charter prescribes the structure of the Board and its committees, the framework for independence and some obligations of Directors.

SIZE AND COMPOSITION OF THE BOARD

The Board comprises four Non-Executive Directors and two Executive Directors – the Managing Director and the Chief Scientific Officer. Information about Directors, including their skills, experience, expertise and length of service can be found in pages 17 to 18.

The Board keeps under review the balance of skills and experience of its members, their independence and access to advice and information.

DIRECTORS' INDEPENDENCE AND DEALING WITH CONFLICT OF INTEREST

Clinuvel Pharmaceuticals Ltd has four Non-Executive Directors (including Mr. McLiesh, the Chair) considered independent of the company and its management, having

no current or previous business or other relationships that could materially compromise their autonomy as a Director (Mr. McLiesh, Mrs. Shanahan , Mr. Wood and Mr. Ishag). The CEO of the company is Dr. Wolgen who is not the Chair. The Board's framework for determining Director independence and the company's materiality thresholds is included in the Board Charter. The contractual relationship between Mr. Ishag and the company within the three years prior to his appointment is not considered material. The impact of any past or present relationship with the company on a Director's ability to exercise independent judgment has been carefully assessed. The Board currently has a majority of independent Non-Executive Directors.

If a potential conflict of interest arises, the Director concerned does not receive the relevant Board papers and leaves the Board meeting while the matter is considered. Directors must advise the Board immediately of any interests that could potentially conflict with those of Clinuvel Pharmaceuticals Ltd.

Directors may obtain independent professional advice at Clinuvel Pharmaceuticals Ltd's expense on matters arising in the course of their Board and committee duties, after obtaining the Chair's approval. The Board Charter requires all Directors to be provided with a copy of such advice and to be notified if the Chair's approval is withheld.

REMUNERATION AND NOMINATION COMMITTEE - NOMINATION

To increase its effectiveness, the Board has a Remuneration and Nomination Committee. The Remuneration and Nomination Committee comprises at least four Directors (three voting and one non-voting) and is chaired by Mr. Wood. Mr. McLiesh and Dr. Agersborg are the other voting members and the committee comprises a majority of voting independent directors. The Managing Director attends Remuneration and Nomination Committee meetings by invitation. He is not present if this could compromise the objectivity of proceedings. The membership and number of meetings held, along with each Director's attendance record last year, is shown on page 19. A committee charter can be found on the company's internet site.

The Remuneration and Nomination Committee makes recommendations to the Board on the appointment of new Directors and criteria for new appointees, focusing on the particular mix of skill, diversity and experience most appropriate to the company's business and objectives.

The company aims to have on its Board individuals with sound commercial judgment and inquiring minds, able to work cohesively with other Directors. Clinuvel Pharmaceuticals Ltd seeks a combination of Directors experienced in finance, the law and, ideally, the pharmaceutical industry in which Clinuvel Pharmaceuticals Ltd participates.

The reputation and ethical standards of appointees must be beyond question. Prospective Directors confirm that they will have sufficient time to meet their obligations and that they will keep the company informed of their other commitments.

Non-Executive Directors are subject to re-election by rotation at least every three years, under the company's constitution. Newly appointed Directors must seek re-election at the first general meeting of shareholders following their appointment.

THE WORK OF DIRECTORS

In addition to attending Board and committee meetings, Non-Executive Directors allocate time for strategy and budget sessions and preparation for meetings.

The Chair commits additional time and meets regularly with the Managing Director to review business and strategic issues and to agree Board meeting agendas.

The Board strives to ensure that Directors and key Executives have the knowledge and information to operate effectively. The performance of the Board is regularly reviewed.

PERFORMANCE REVIEW

The Remuneration and Nomination Committee regularly reviews the composition and performance of the Board and its committees. The process to evaluate the Board and the company's key Executives, along with the Board's policy for nomination and appointment of Directors, can be found in the Remuneration and Nomination Committee charter and section 1 of the Corporate Governance Protocol on the Clinuvel internet site.

Due to meeting scheduling, the most recent performance review of the Board and committees was made by the Remuneration and Nomination Committee in accordance with the process disclosed in the Committee Charter in the 2010/11 financial year. The Remuneration and Nomination Committee intends to conduct a performance review of the Board and committees in the first committee meeting for the 2012/13 financial year.

ACCESS TO INFORMATION

Directors receive a comprehensive performance report from the Managing Director each Board meeting and have unrestricted access to company records and information.

All Directors have direct access to the Company Secretary who is accountable to the Managing Director and, through the Chair, the Board on all corporate governance matters.

CLINUVEL PHARMACEUTICALS LTD ACTIVELY PROMOTES ETHICAL AND RESPONSIBLE DECISION MAKING (ASXCGC PRINCIPLE 3)

Ethical behaviour is required of Directors, Executives and all other employees.

CODE OF BUSINESS CONDUCT AND ETHICS

The Board has endorsed a Code of Business Conduct and Ethics (found in the Corporate Governance Protocol on the company's internet site) that formalises the long standing obligation of all Clinuvel Pharmaceuticals Ltd people including Directors to behave ethically, act within the law, avoid conflicts of interest and act honestly in all business activities. Clinuvel Pharmaceuticals Ltd's Code of Business Conduct and Ethics reinforces the company's commitment to giving proper regard to the interests of people and organisations dealing with the company. Each Clinuvel Pharmaceuticals Ltd person is required to respect and abide by the company's obligations to fellow employees, shareholders, customers, suppliers and communities in which we operate.

TRADING IN SHARES

Directors' shareholdings at 30 June 2012 are shown on pages 17 and 18. The company has a share trading policy in place, details of which are included in the Corporate Governance Protocol available on the company's internet site. Directors and employees may only buy or sell Clinuvel Pharmaceuticals Ltd shares during specified periods. Also, they are prohibited from buying or selling Clinuvel Pharmaceuticals Ltd shares at any time if they are aware of any price sensitive information that has not been made public. All Clinuvel Pharmaceuticals Ltd share dealings by Directors are promptly notified to the ASX.

DIVERSITY POLICY

The company has a diversity policy in place, available for viewing in the Corporate Governance section to the company's internet site. The Directors are committed to having an appropriate blend of gender, age, ethnic and cultural diversity amongst the Board and throughout all levels of the company.

The key elements to the diversity policy are:

a) To maintain an equal gender diversity representation at across the entire company,

b) For the remuneration and nomination committee to annually assess the gender diversity objectives and the performance against those objectives.

The company's performance against the diversity policy objectives as at 30 June 2012 and 30 June 2011 are:

GENDER REPRESENTATION	FEMALE %	MALE %
Board	17%	83%
Top 7 salaried employees*	43%	57%
Consolidated Entity	57%	43%

*(excludes Executive Directors)

CLINUVEL PHARMACEUTICALS LTD HAS A STRUCTURE TO INDEPENDENTLY VERIFY AND SAFEGUARD THE INTEGRITY OF THE COMPANY'S FINANCIAL REPORTING (ASXCGC PRINCIPLE 4)

Clinuvel Pharmaceuticals Ltd's governance structure is designed to ensure that risks of conducting business are properly managed.

AUDIT AND RISK COMMITTEE

To increase its effectiveness, the Board has an Audit and Risk Committee. The Audit and Risk Committee comprises at least three Directors (two voting and one non-voting) and is chaired by Mrs. Shanahan who is a voting, independent and Non-Executive Director. The remaining voting committee member, Mr. McLiesh, is independent and Non-Executive.

The Managing Director attends Audit and Risk Committee meetings by invitation. He is not present if this could compromise the objectivity of proceedings. The membership and number of meetings held, along with each Director's attendance record last year, is shown on page 19. A committee charter can be found on the company's internet site.

The committee advises the Board on all aspects of audit, the adequacy of accounting and risk management procedures, systems, controls and financial reporting.

Specific responsibilities include advising the Board on the appointment of external auditors (following the procedure in the committee's charter), the yearly audit plan, and the yearly and half yearly financial reports.

The external audit firm partner in charge of the Clinuvel Pharmaceuticals Ltd audit attends committee meetings by invitation. The committee seeks to ensure the independence of the external auditor. Non-audit services are generally performed by other firms. The committee's charter requires that individuals playing a significant role in the Clinuvel Pharmaceuticals Ltd audit be rotated every five years. The auditor annually confirms its independence within the meaning of applicable legislation and professional standards.

CLINUVEL PHARMACEUTICALS LTD PROMOTES TIMELY AND BALANCED DISCLOSURE OF ALL MATERIAL MATTERS CONCERNING THE COMPANY (ASXCGC PRINCIPLE 5)

CONTINUOUS DISCLOSURE

Clinuvel Pharmaceuticals Ltd has a practice of providing relevant and timely information to shareholders, supported by its share market disclosure policy (located in the Corporate Governance Protocol on the company's internet site) which details comprehensive procedures to ensure compliance with all legal obligations. The policy limits external briefings in the periods between

the end of a financial year or half year and the release to the Australian Securities Exchange (ASX) of the relevant results. The Managing Director is responsible for overseeing and directing communications with the ASX.

Clinuvel Pharmaceuticals Ltd provides a review of operations and a financial review in this annual report. All announcements to the ASX are made available on the company's internet site.

CLINUVEL PHARMACEUTICALS LTD RESPECTS THE RIGHTS OF SHAREHOLDERS AND FACILITATES THE EFFECTIVE EXERCISE OF THOSE RIGHTS (ASXCGC PRINCIPLE 6)

Clinuvel Pharmaceuticals Ltd strives to communicate effectively with shareholders about the company's performance, presenting the Annual Report and other corporate information in clear language, supported where appropriate by descriptive graphs, tables and medical glossaries. Where practicable, the company uses the latest widely available electronic technology to communicate openly and continually with shareholders – and the stock market in general. Announcements to the ASX, significant briefings, notices of meetings, annual reports and Annual General Meeting presentations are promptly posted on the company's internet site and emailed to shareholders and other interested parties. Proxies can be lodged electronically for the Annual General Meeting. Also, the external audit firm partner in charge of the Clinuvel Pharmaceuticals Ltd audit is available to answer shareholder questions at the company's Annual General Meeting. A copy of the company's communications policy can be found in the Corporate Governance Protocol on Clinuvel's internet site.

CLINUVEL PHARMACEUTICALS LTD HAS A SOUND SYSTEM OF RISK OVERSIGHT AND MANAGEMENT AND INTERNAL CONTROL (ASXCGC PRINCIPLE 7)

Clinuvel Pharmaceuticals Ltd identifies the risks facing its business, assesses the balance of risks and rewards to deliver shareholder value. The Directors seek to minimise the impact of risk factors commensurate with the industry sector in which it operates. The risk framework comprises:

A) BUSINESS RISKS

The Board regularly reviews Clinuvel Pharmaceuticals Ltd's businesses to identify and quantify business risks. Risk management is a key element of Clinuvel Pharmaceuticals Ltd's strategic planning, decision making and execution of strategies. The group's business exposes it to potential risks which are inherent in the R&D, pre-clinical studies, clinical trials, manufacturing, marketing and use of human therapeutic products.

B) FINANCIAL RISKS

The Board has approved principles and policies to manage financial risks of exposures to foreign currencies, and interest rates. Clinuvel Pharmaceuticals Ltd's policies prohibit speculative transactions. The policies specify who may authorise transactions and segregates duties of those carrying them out. The company requires access to additional funding periodically to fund development programs. If the company fails to obtain such funding, it may need to delay or scale back the development and commercialisation of its products or R&D programs. The funds that the company may need will be determined by numerous factors, some of which are beyond the company's control. Additionally, funds may be necessary due to a number of factors including the following:

- progress of research activities;
- the number and scope of research programs;
- the progress of pre-clinical and clinical development activities;
- the company's ability to establish and maintain current and new R&D and licensing arrangements;
- the company's ability to achieve (or delays in achieving the sales giving rise to) royalty and milestone payments under licensing arrangements;
- the costs involved in enforcing patent claims and other intellectual property rights; and
- the cost requirements and timing of regulatory approvals.

If the company is unable to obtain additional funds on satisfactory terms, it may be required to cease or reduce its operating activities. If the company raises additional funds by selling additional shares, the ownership interests of existing shareholders may be materially diluted. There is no assurance that additional funding will be available to Clinuvel Pharmaceuticals Ltd in the future or be secured on acceptable terms.

Financial integrity risks

Management has put into practice policies, procedures and controls to ensure the integrity of its accounting and financial reporting to stakeholders.

The Board oversees and reviews the effectiveness of the risk management systems implemented by management. The Board has assigned responsibility to:

Audit and Risk Committee

Reviews and reports to the Board in relation to the company's financial reporting, internal control structure, risk management systems, and the external audit functions.

Management

Reports to the Board on the effectiveness of its management of business and financial risks and compliance with other legal obligations.

An independent external audit is performed on the annual financial report of Clinuvel Pharmaceuticals Ltd.

RISK MANAGEMENT & FINANCIAL REPORT ACCOUNTABILITY

As part of the process of approving the financial statements, the Managing Director provides statements in writing to the Board on the quality and effectiveness of the company's risk management and internal compliance and control systems.

Clinuvel Pharmaceuticals Ltd's process for approval of financial statements has a long standing requirement that authorisations be given by various levels of management. Clinuvel Pharmaceuticals Ltd's Managing Director and Chief Financial Officer are required to state to the Board, in writing, that the company's financial report states a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards (of which they have done for the current reporting period).

CLINUVEL PHARMACEUTICALS LTD ENSURES THAT THE LEVEL AND COMPOSITION OF REMUNERATION IS SUFFICIENT AND REASONABLE AND THAT ITS RELATIONSHIP TO CORPORATE AND INDIVIDUAL PERFORMANCE IS DEFINED (ASXCGC PRINCIPLE 8)

REMUNERATION AND NOMINATION COMMITTEE - REMUNERATION

As previously stated, Clinuvel Pharmaceuticals Ltd has appointed a Remuneration and Nomination Committee, comprising three voting members, being two voting, independent Non-Executive Directors, chaired by Mr. Wood and a voting, non-independent Executive Director (Dr. Agersborg). In addition, as a non-voting member the Managing Director attends Remuneration and Nomination Committee meetings by invitation. He is not present if this could compromise the objectivity of proceedings. The membership and number of meetings held, along with each Director's attendance record last year, is shown on page 19. A committee charter can be found on the company's internet site.

Together with an overview of people issues, particularly succession and development planning, the Committee advises the Board on remuneration policies and practices, evaluates the performance of the Managing Director against pre-agreed goals and makes recommendations to the Board on remuneration for the Managing Director and managers reporting to him. The Committee considers independent advice on policies and practices to attract, motivate, reward and retain strong performers.

The Committee also considers the Board's size and composition, criteria for membership, candidates to fill vacancies and the terms and conditions of their appointment.

Clinuvel Pharmaceuticals Ltd's policy is to reward Executive Directors and senior Executives with a combination of fixed remuneration and short and long-term incentives structured to drive improvements in shareholder value. Employees cannot approve their own remuneration, nor that of their direct subordinates.

Non-Executive Directors are remunerated by way of fees, and unlisted equity securities (conditional upon shareholder approval). The Board considers the granting of unlisted equity securities to Non-Executive Directors as appropriate policy and reflects their significantly greater roles in the management and business of the company. All perform Executive functions to varying degrees and as a result the company is able to conduct its business with a far smaller senior management team than its peers. They receive no other incentive payments.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED ENTITY	
	NOTE	2012	2011
		$	$
Total Revenues	2	**1,294,041**	**2,276,064**
Total Expenses	2	**(11,061,269)**	**(13,685,153)**
Profit (Loss) before income tax expense		(9,767,228)	(11,409,089)
Income tax expense (benefit)	3	-	-
Profit (Loss) after income tax expense		(9,767,228)	(11,409,089)
Net Profit (Loss) for the year		**(9,767,228)**	**(11,409,089)**
OTHER COMPREHENSIVE INCOME			
Exchange differences of foreign exchange translation of foreign operations		96,879	38,788
Income tax (expense)/benefit on items of other comprehensive income		-	-
Other comprehensive income/(loss) for the period, net of income tax		96,879	38,788
Total comprehensive income for the period		**(9,670,349)**	**(11,370,301)**
Basic earnings per share - cents per share	16	(31.8)	(37.6)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

		CONSOLIDATED ENTITY	
	NOTE	2012	2011
		$	$
CURRENT ASSETS			
Cash and cash equivalents	17(a)	12,719,025	12,178,030
Other Financial Assets	8	453,598	5,321,057
Trade and Other Receivables	4	1,007,207	973,610
Other Assets	5	1,627,247	1,459,566
Total Current Assets		**15,807,077**	**19,932,263**
NON CURRENT ASSETS			
Property, plant and equipment	6	179,000	214,794
Intangible assets	7	9,200	18,400
Total Non Current Assets		188,200	233,194
Total Assets		**15,995,277**	**20,165,457**
CURRENT LIABILITIES			
Trade and Other Payables	10	2,080,211	3,435,627
Provisions	11	258,732	281,325
Total Current Liabilities		**2,338,943**	**3,716,952**
NON CURRENT LIABILITIES			
Provisions	11	18,998	40,404
Total Non Current Liabilities		18,998	40,404
Total Liabilities		**2,357,941**	**3,757,356**
Net Assets		**13,637,336**	**16,408,101**
EQUITY			
Contributed equity	12	119,323,391	113,338,940
Reserves	13	1,821,419	3,214,412
Accumulated losses	14	(107,507,474)	(100,145,251)
Total Equity		**13,637,336**	**16,408,101**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

		CONSOLIDATED ENTITY	
	NOTE	2012	2011
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Goods and services tax refunds		134,449	100,890
Receipts from sales reimbursements		864,883	171,055
Interest received		623,300	1,322,027
Payments to suppliers and employees		(11,645,313)	(11,080,829)
Net cash provided by (used in) operating activities	17(b)	**(10,022,681)**	**(9,486,857)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(4,504)	(69,535)
Proceeds from investment securities		4,798,711	2,615,441
Net cash provided by (used in) investing activities		**4,794,207**	**2,545,906**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares, net of share issue costs		5,760,066	-
Net cash provided by (used in) financing activities		**5,760,066**	**-**
Net Increase/(Decrease) In Cash Held		**531,592**	**(6,940,951)**
Cash and cash equivalents at beginning of the year		**12,178,030**	**19,414,846**
Effects of exchange rate changes on foreign currency held		9,403	(295,865)
Cash And Cash Equivalents At End Of The Year	17(a)	**12,719,025**	**12,178,030**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	SHARE CAPITAL	SHARE OPTION RESERVE	PERFORMANCE RIGHTS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
Balance at 1 July 2010	**113,227,565**	**1,793,835**	**328,878**	**46,603**	**(88,970,718)**	**26,426,163**
Issue of Share Capital under share-based payment	111,375	-	-	-	-	**111,375**
Employee share-based payment options	-	279,660	804,224	-	234,556	**1,318,440**
Capital Raising Costs	-	-	-	-	-	**-**
Transactions with Owners	113,338,940	2,073,495	1,133,102	46,603	(88,736,162)	**27,855,978**
Profit/(Loss) for the year					(11,409,089)	**(11,409,089)**
OTHER COMPREHENSIVE INCOME:						
Exchange differences - translation of foreign operations	-	-	-	(38,788)	-	**(38,788)**
Balance at 30 June 2011	**113,338,940**	**2,073,495**	**1,133,102**	**7,815**	**(100,145,251)**	**16,408,101**
Issue of Share Capital under private placement	6,010,065	-	-	-	-	**6,010,065**
Issue of Share Capital under share-based payment	325,040	-	-	-	-	**325,040**
Employee share-based payment options	-	(2,061,329)	765,215		2,405,005	**1,108,891**
Capital Raising Costs	(350,654)	-	-	-	-	**(350,654)**
Transactions with Owners	119,323,391	12,166	1,898,317	7,815	(97,740,246)	**23,501,443**
Profit/(Loss) for the year	-	-	-	-	(9,767,228)	**(9,767,228)**
OTHER COMPREHENSIVE INCOME:						
Exchange differences - translation of foreign operations	-	-	-	(96,879)	-	**(96,879)**
Balance at 30 June 2012	**119,323,391**	**12,166**	**1,898,317**	**(89,064)**	**(107,507,474)**	**13,637,336**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Compliance ensures the consolidated financial statements and notes of the consolidated entity and parent complies with International Financial Reporting Standards ('IFRS'). The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of financial assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

Both the functional and presentation currency of the group and its Australian controlled entities is Australian dollars. The functional currency of certain non Australian controlled entities is not Australian dollars. As a result, the results of these entities are translated to Australian dollars for presentation in the Clinuvel Pharmaceuticals Ltd financial report.

The financial statements of the consolidated entity have been prepared on a going concern basis. The consolidated entity's operations are subject to major risks due primarily to the nature of research development and the commercialisation to be undertaken. The risk factors set out may materially impact the financial performance and position of the consolidated entity.

In applying Australian Accounting Standards management must make judgment regarding carrying values of assets and liabilities that are not readily apparent from other sources. Assumptions and estimates are based on historical experience and any other factor that are believed reasonable in light of the relevant circumstances. These estimates are reviewed on an ongoing basis and revised in those periods to which the revision directly affects.

All accounting policies are chosen to ensure the resulting financial information satisfies the concepts of relevance and reliability.

The going concern basis assumes that, if required, future capital raisings will be available to enable the consolidated entity to undertake the research, development and commercialisation of its projects and that the subsequent commercialisation of products will be successful. The financial statements take no account of the consequences, if any, of the inability of the consolidated entity to obtain adequate funding or of the effects of unsuccessful research, development and commercialisation of the consolidated entity projects. The consolidated entity has successfully raised additional working capital in past years and as such the Directors do not envisage the need to raise additional capital in the coming financial year.

A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

A list of controlled entities is found in Note 9 of the Financial Statements.

B) INCOME TAX

At present it is uncertain that tax losses can be utilised. Once a position becomes known, tax losses will be brought to account.

Current Tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantially enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax base of those items.

In principle, deferred tax liabilities are recognised on all taxable differences. Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that sufficient unused tax losses and tax offsets can be utilised by future taxable profits. However, deferred tax assets and liabilities are not recognised if the temporary differences given rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affect neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Tax Consolidation

The company and its wholly-owned Australian entities are part of a tax-consolidation group under Australian Taxation law. Clinuvel Pharmaceuticals Ltd is the head entity of the tax-consolidation group.

Current And Deferred Tax For The Period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or discount on acquisition.

C) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash on hand, at call deposits with banks or financial institutions, bank bills and investments in money market instruments where it is easily convertible to a known amount of cash and subject to an insignificant risk of change in value.

D) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on diminishing value so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period and adjusted if appropriate. An asset's carrying amount is written off immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

The following diminishing value percentages are used in the calculation of depreciation:

- Computers and software: 40%
- All other assets: 7.5% to 20%

Gains and losses on disposal of assets are determined by comparing proceeds upon disposal with the asset's carrying amount. These are included in the statement of comprehensive income.

E) INVESTMENTS AND OTHER FINANCIAL ASSETS

The consolidated entity classifies its financial assets into financial assets at fair value through profit and loss and loans and receivables. Financial assets at fair value through profit and loss are held for trading if the entity does not have a positive intention to hold its investment in the financial asset until maturity (if a fixed maturity) or if it intends to hold the financial asset for an undefined period. Loans and receivables are non-derivate financial assets with fixed payments that are not quoted in an active market. They are included in current assets, except those loans and receivables that are due more than 12 months from reporting date.

F) RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following is demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probably future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The consolidated entity uses its critical judgment in continually assessing whether development expenditures meet the recognition criteria of an intangible asset.

At 30 June 2012 the consolidated entity has yet to demonstrate the satisfaction of all the above criteria to recognise and generate an intangible asset from its development activities. The inherent risks in pharmaceutical development are such that the criterion to recognise an intangible asset is not met until regulatory approval to market the drug has been granted.

G) INTANGIBLE ASSETS - TRADEMARKS, PATENTS AND SUB- LICENCE

Trademarks, patents and licences have a finite useful life and are recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis over the shorter of the relevant agreement or useful life. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Sub-licence

The sub-licence to develop and commercialise SCENESSE® has been recorded at cost. Cost is based on the fair value of the consideration given in exchange for the assets.

The consideration given for the acquisition of the sub-licence was the issue of 11,167,000 ordinary shares and attaching options in the company. Hence the cost of the sub-licence has been determined by assessing the fair value of net assets of the consolidated entity immediately after the sub-licence was acquired. For the purpose of valuing the assets of the company, an independent valuation of the sub-licence was performed. The valuation was based on discounted future cash flows expected to flow from the right to the sub-licence. The valuation was adjusted for the probability of successful commercial development as a pharmaceutical drug.

The Directors have determined that it is appropriate to record the sub-licence at cost rather than revalue to market value at this time.

Amortisation Of Sub-licence

The sub-licence to develop and commercialise SCENESSE® has been amortised on a straight-line basis over 10 years. The sub-license had been fully amortised.

H) PAYABLES

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services, incurred prior to the end of the financial year.

I) EMPLOYEE BENEFITS

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date. The discount rate used to estimate future cash flows is the 5 year Treasury bond yield published by the Reserve Bank of Australia at reporting date.

J) DIRECTORS' REMUNERATION - SHARE BASED PAYMENTS

Under AASB 2 Share Based Payments, the consolidated entity must determine the fair value of options and conditional performance rights issued to employees as remuneration and recognise an expense in the Statement of Comprehensive Income. This standard is not limited to options and to conditional performance rights. It also extends to other forms of equity based remuneration. The fair value of options is measured by the use of the Black Scholes binominal model. The fair value of conditional performance rights is measured by either a binomial or a trinomial model. It is determined at grant date and expensed on a straight- line basis over the vesting period. For the full year reporting period ending 30 June 2012 the fair value of options and conditional performance rights is

required to be shown as an expense to the entity together with comparative information for the same period in the preceding reporting period. For the 2011/12 year $300,240 (2010/11: $500,249) for options and $1,133,691 (2010/11: $929,566) for conditional performance rights was recognised as an employment benefit expense. The fair value for options was largely attributable to the issue of new options to Directors and Executives as approved by shareholders in an Extraordinary General Meeting held 25 January 2007. The fair value of conditional performance rights was attributable to the issue of rights to eligible employees as approved by the Board during 2009/10 and 2010/11, and to Directors as approved by shareholders at General Meetings during 2010/11 and 2011/12.

Further information can be found in Note 23 to the financial statements.

K) REVENUE

Interest

Interest revenue is recognised on a proportional basis that takes into account the effective yield on the financial asset.

Sale Of Goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the Buyer the significant risks and rewards of ownership of the goods.

L) SHARE CAPITAL

Ordinary share capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the shares proceeds received.

M) EARNINGS PER SHARE

Basic Earnings Per Share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares

N) GOODS AND SERVICES TAX/ VALUE ADDED TAX (GST)

Revenues, expenses and assets are recognised net of the amount of 'goods and services tax' or 'valued added tax' as it is known in certain jurisdictions (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the costs of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

O) IMPAIRMENT OF ASSETS

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specified to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior

years. A reversal of an impairment loss is recognised in the statement of comprehensive income immediately.

P) LEASES

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessors, are charged as expenses in the periods in which they are incurred.

Q) COMPARATIVES

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosure.

R) PROVISIONS

Provisions are recognised when a present obligation to the future sacrifice of economic benefits becomes probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

S) OTHER CURRENT ASSETS

Other current assets comprise prepayments of drug peptide yet to be used in Clinuvel Pharmaceuticals Ltd's trial program and prepayments for certain insurances yet to expire, along with other general prepayments. The expenditures represent an unused expense and therefore a decrease in future economic benefit has yet to be incurred.

T) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise as defined in AASB 121: The Effects of Changes in Foreign Exchange Rates.

Foreign subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- At the spot rate at reporting date for assets and liabilities; and
- At average monthly exchange rates for income and expenses

Resulting differences are recognised within equity in a foreign currency translation reserve.

U) SHARE-BASED PAYMENT TRANSACTIONS

Benefits are provided to employees of the group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The plan currently in place to provide these benefits is the Employee Share Option Plan (ESOP), which provides benefits to senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using either a Black-Scholes bionomial model or a trinomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Clinuvel Pharmaceuticals Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is

substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

V) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENT

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – share-based payments transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using either a Black-Scholes, a binomial or a trinomial model, using the assumptions detailed in Note 23.

Key judgements – tax losses

Given the company's and each individual entities' history of recent losses, the group has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the company or its subsidiaries will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

W) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The 2011 comparatives contained in these financial statements therefore differ from those published in the financial statements for the year ended 30 June 2011 as described below.

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2012 reporting period. The group's assessment indicates that there is no new Australian Accounting Standards or interpretations that have been issued but are not yet effective that are expected to have a material impact on the group's financial report in the period of initial application.

X) NEW AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Australian Accounting Standards that have been recently issued or amended but are not yet effective have not been applied to the financial report. These amendments by the AASB to Australian Accounting Standards are not expected to have a material impact on the group's financial position and performance; however increased disclosures will be required in the group's financial statements.

Y) SEGMENT REPORTING

A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. The consolidated entity operates in one business segment, being the biopharmaceutical sector, and the majority of its activities is concentrated in researching and developing a sole asset, being its leading drug candidate. It has established entities in more than one geographical area, however the activities from these entities comparative to the consolidated entity are considered immaterial for the purposes of segment reporting.

2. PROFIT/(LOSS) FROM CONTINUING OPERATIONS

	CONSOLIDATED	
	2012	2011
	$	$
(A) REVENUES		
Interest revenue – other persons	571,240	1,184,148
Sales Reimbursements – Law 648/96	722,801	1,041,021
Currency Gain on transactions	-	50,895
Total revenues	**1,294,041**	**2,276,064**
(B) EXPENSES		
Clinical Development costs	1,811,345	2,560,558
Drug Delivery Research costs	978,860	2,520,012
Regulatory and Toxicity Studies	497,269	797,499
R&D Overheads	2,101,876	2,109,535
Business Marketing & Listing	806,425	626,389
Licenses Patents and Trademarks	114,061	148,513
General Operations (incl Board)	4,656,598	4,917,552
Net Loss on disposal of financial assets held at fair value through profit and loss	233,236	683,525
Net gains on revaluation of financial assets held at fair value through profit and loss	(164,488)	(1,015,937)
Loss on restating foreign currency creditors and currencies held	26,087	337,507
Total expenses	**11,061,269**	**13,685,153**
(C) PROFIT/(LOSS) BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES		
Depreciation	53,299	82,700
Amortisation of patents, trademarks & sub-licence	9,200	9,200
Loss on sale of property, plant and equipment	0	93,706
Share Based Payments	1,433,931	1,429,815
Operating Lease Expense – minimum lease payments	289,475	494,489

3. INCOME TAX EXPENSE

	CONSOLIDATED	
	2012	2011
	$	$
(A) THE PRIMA FACIE TAX ON PROFIT (LOSS) IS RECONCILED TO THE INCOME TAX EXPENSE (BENEFIT) AS FOLLOWS:		
Prima facie tax payable on profit (loss) from ordinary activities before income tax at 30% (2011: 30%)	(2,930,169)	(3,422,727)
Add:		
Tax effect of		
Non deductible amortisation	396	2,760
Non deductible legal fees	-	2,458
Share Based payments	430,179	325,165
Research and development deduction	-	(55,881)
Adjustments for tax on prior periods	(1,076,569)	-
Net (Gain) on revaluation of financial assets at fair value through profit and loss	(49,346)	(304,781)
Annual sub-license fees	(9,440)	
Net loss on disposal of financial assets	69,971	-
Unrealised Foreign Exchange Losses	-	101,252
Deferred tax assets not brought to account	**3,564,978**	**3,351,754**
(B) DEFERRED TAX ASSETS ARISING FROM UNCONFIRMED TAX LOSSES AND NET TIMING DIFFERENCES NOT BROUGHT TO ACCOUNT AT BALANCE DATE AS REALISATION OF THE BENEFIT IS NOT REGARDED AS PROBABLE. The benefits will only be obtained if the conditions set out in note 1(c) occur:		
Tax losses	33,712,923	29,733,301
Net temporary differences	1,069,535	1,484,179
	34,782,458	**31,217,480**

The tax rate used in this report is the corporate tax rate of 30%. There has been no change in the corporate tax rate when compared with the previous reporting period.

4. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2012	2011
	$	$
CURRENT		
Trade debtors	660,895	834,714
Accrued income	55,250	107,310
Sundry debtors	291,062	31,586
Total Current	**1,007,207**	**973,610**

The carrying amount of receivables is a reasonable approximation of fair value. All of the group's trade and other receivables have been reviewed for indicators of impairment. All receivables are non-interest bearing.

5. OTHER ASSETS

	CONSOLIDATED	
	2012	2011
	$	$
CURRENT PREPAYMENTS		
Peptide	1,099,492	1,277,604
Other	527,755	181,962
Total	**1,627,247**	**1,459,566**

6. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2012	2011
	$	$
PLANT AND EQUIPMENT		
At cost	489,760	472,254
Less: accumulated depreciation	(352,521)	(308,635)
Sub-total	**137,239**	**163,619**
FURNITURE AND FITTINGS		
At cost	79,653	79,653
Less: accumulated depreciation	(37,892)	(28,478)
Sub-total	**41,761**	**51,175**
Total property, plant and equipment	**179,000**	**214,794**

MOVEMENTS IN CARRYING AMOUNTS - PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year

	PLANT AND EQUIPMENT	FURNITURE AND FITTINGS	TOTAL
	$	$	$
CONSOLIDATED ENTITY			
Carrying Amount at 30 June 2010	**250,781**	**70,884**	**321,665**
Additions	41,396	28,139	69,535
Disposals	(199,331)	(67,123)	(266,454)
Depreciation written back on disposal	136,446	36,302	172,748
Depreciations expense	(65,673)	(17,027)	(82,700)
Exchange differences	-	-	-
Carrying Amount at 30 June 2011	**163,619**	**51,175**	**214,794**
Additions	17,540	-	17,540
Disposals	-	-	-
Depreciation written back on disposal	-	-	-
Depreciations expense	(43,665)	(9,227)	(52,892)
Exchange differences	(255)	(187)	(442)
Carrying Amount at 30 June 2012	**137,239**	**41,761**	**179,000**

7. INTANGIBLE ASSETS

	CONSOLIDATED	
	2012	2011
	$	$
SUB-LICENCE TO DEVELOP AND COMMERCIALISE SCENESSE ®		
At cost	7,472,983	7,472,983
Less: accumulated amortisation	(7,472,983)	(7,472,983)
Sub-total	**-**	**-**
TRADEMARKS		
At cost	68,281	68,281
Less: accumulated amortisation of Trademarks	(61,453)	(54,625)
Sub-total	**6,828**	**13,656**
PATENTS		
At cost	23,718	23,718
Less: accumulated amortisation of Patents	(21,346)	(18,974)
Sub-total	**2,372**	**4,744**
Total	**9,200**	**18,400**

MOVEMENTS IN CARRYING AMOUNTS – INTANGIBLE ASSETS

Movement in carrying amounts for each class of intangible asset between the beginning and end of the financial year

	SUB-LICENCE	TRADEMARKS AND PATENTS	CONSOLIDATED TOTAL
	$	$	$
Carrying Amount at 30 June 2010	**-**	**27,600**	**27,600**
Additions	-	-	-
Impairment	-	-	-
Amortisation expense	-	(9,200)	(9,200)
Carrying Amount at 30 June 2011	**-**	**18,400**	**18,400**
Additions	-	-	-
Impairment	-	-	-
Amortisation expense	-	(9,200)	(9,200)
Carrying Amount at 30 June 2012	**-**	**9,200**	**9,200**

Amortisation expense is included in the line item 'Total expenses' in the consolidated statement of comprehensive income.

Please refer to the Summary of Significant Accounting Policies regarding significant intangible assets.

8. OTHER FINANCIAL ASSETS

	CONSOLIDATED	
	2012	2011
	$	$
CURRENT		
Investments comprise:		
Income Securities (at fair value through profit and loss)*	453,598	5,321,057

* The consolidated entity holds listed perpetual floating rate notes (income securities) returning 1.25% above the 90 day bank bill rate with interest paid out quarterly .

9. INTERESTS IN SUBSIDIARIES

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2012	2011
PARENT ENTITY			
Clinuvel Pharmaceuticals Ltd	Australia	-	-
CONTROLLED ENTITIES			
A.C.N. 089 584 467 Pty Ltd	Australia	100%	100%
A.C.N. 108 768 896 Pty Ltd	Australia	100%	100%
Clinuvel (UK) Ltd	United Kingdom	100%	100%
Clinuvel, Inc	United States	100%	100%
Clinuvel AG	Switzerland	100%	100%

10. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2012	2011
	$	$
CURRENT		
Unsecured Trade creditors	838,928	1,697,355
Sundry creditors and accrued expenses	1,241,283	1,738,272
Total	**2,080,211**	**3,435,627**
(A) AGGREGATE AMOUNTS PAYABLE TO:		
Directors and Director-related entities	-	-
(B) AUSTRALIAN DOLLAR EQUIVALENTS OF AMOUNTS PAYABLE IN FOREIGN CURRENCIES NOT EFFECTIVELY HEDGED AND INCLUDED IN TRADE AND SUNDRY CREDITORS:		
US dollars	-	468,786
Euro	-	313,806
British pounds	28,656	166,828
Other	158,323	393,574
Total	**186,979**	**1,342,994**

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to Note 22.

(C) TERMS AND CONDITIONS:

Trade and sundry creditors are non-interest bearing and normally settled on 30 day terms.

11. PROVISIONS

	CONSOLIDATED	
	2012	2011
	$	$
CURRENT		
Employee benefits	258,732	281,325
NON-CURRENT		
Employee benefits	18,998	40,404

12. CONTRIBUTED EQUITY

(A) ISSUED AND PAID UP CAPITAL

34,651,874 fully paid ordinary shares (2011: 30,318,867)	119,323,392	113,338,940

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. The company does not have a limited amount of authorised capital and issued shares do not have a par value.

(B) MOVEMENTS IN ORDINARY SHARE CAPITAL:

	CLINUVEL PHARMACEUTICALS LTD AND CONTROLLED ENTITIES			
		2012		2011
	NO.	$	NO.	$
At the beginning of the financial year	**30,381,706**	**113,338,940**	**303,188,665**	**113,227,565**
ISSUED DURING THE YEAR				
Private placement	3,434,323	6,010,065	-	-
Rights exercised and valuation transferred from Conditional Rights Reserve (pre 10:1 Share Consolidation)	-	-	255,000	48,375
10:1 Share Consolidation (November 2010)	-	-	(273,099,299)	-
Adjustments for fractional entitlements upon 10:1 Share Consolidation	-	-	590	-
Conditional rights issues and transferred from conditional rights reserve	835,845	325,040	36,750	63,000
Less: transaction costs	-	(350,654)	-	-
Balance at the end of the financial year:	**34,651,874**	**119,323,391**	**30,381,706**	**113,338,940**

12. CONTRIBUTED EQUITY (CONT'D)

(C) SHARE OPTIONS

As at 30 June 2012 the following share options existed which if exercised, would result in the issue of fully paid ordinary shares

EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
18 November 2013	$2.75/share	35,000
Total		**35,000**

No share options issued in prior years were exercised, nor were share options issued during the year, resulting in the issue of fully paid shares

(D) CONDITIONAL PERFORMANCE RIGHTS (RESTATED AT A POST-SHARE CONSOLIDATED BASIS)

During the year the following conditional performance rights were issued which if exercised, would result in the issue of fully paid ordinary shares

EXPIRY DATE	EXERCISE PRICE	NUMBER OF CONDITIONAL RIGHTS
Upon achievement of various performance milestones	**Nil $**	**1,531,000**

During the year the following conditional performance rights were exercised, resulting in the issue of fully paid ordinary shares

EXPIRY DATE	EXERCISE PRICE	NUMBER OF CONDITIONAL RIGHTS
Upon achievement of various performance milestones	**Nil $**	**835,845**

As at 30 June 2012 the following conditional performance rights existed which if exercised, would result in the issue of fully paid ordinary shares

EXPIRY DATE	EXERCISE PRICE	NUMBER OF CONDITIONAL RIGHTS
Upon achievement of various performance milestones	**Nil $**	**2,161,779**

13. RESERVES

	CONSOLIDATED	
	2012	2011
	$	$
SHARE OPTION RESERVE		
Balance at the beginning of period	**2,073,495**	**1,793,835**
Share based payment	300,240	500,249
Transfer to share capital	-	-
Lapsed Options	(2,361,569)	(220,589)
Balance at the end of period	**12,166**	**2,073,495**

The Executive share option reserve arises on the grant of share options to Executive and Directors under the Executive share option scheme. Amounts are transferred out of the reserve and into issued capital when the options are exercised and to retained earnings when options lapse.

CONDITIONAL PERFORMANCE RIGHTS RESERVE		
Balance at the beginning of period	**1,133,102**	**328,878**
Share based payment	1,133,691	929,566
Transfer to share capital	(325,040)	(111,375)
Lapsed Options	(43,436)	(13,967)
Balance at the end of period	**1,898,317**	**1,133,102**

The Conditional Performance Rights reserve arises on the grant of conditional performance rights to eligible employees under the Conditional Performance Rights Plan. Amounts are transferred out of the reserve and into issued capital when the rights are exercised and to retained earnings when rights lapse.

FOREIGN CURRENCY TRANSLATION RESERVE:		
Balance at the beginning of period	7,815	46,603
Translating foreign subsidiary to current rate at Balance Date	(96,879)	(38,788)
Balance at the end of period	(89,064)	7,815
Total Reserves	**1,821,419**	**3,214,412**

14. ACCUMULATED LOSSES

	CONSOLIDATED	
	2012	2011
	$	$
Accumulated losses at the beginning of the year	**(100,145,251)**	**(88,970,718)**
Transfer from Share Option reserve of lapsed & expired Options	2,361,569	220,589
Transfer from Performance Rights reserve of lapsed & expired Rights	43,436	13,967
Net loss attributable to the members of Clinuvel Pharmaceuticals Ltd	(9,767,228)	(11,409,089)
Accumulated losses at the end of the financial year	**(107,507,474)**	**(100,145,251)**

15. LEASE COMMITMENTS

	CONSOLIDATED	
	2012	2011
	$	$
Operating lease commitments		
Non-cancellable operating leases		
Contracted for but not capitalised in the accounts:		
PAYABLE:		
not later than 1 year	137,994	237,468
later than 1 year but not later than 5 years	1,672	26,639
	139,666	**264,107**

Operating leases comprises commitments for office premises, accommodation for relocated employees and miscellaneous equipment.

No contingent rental clauses exist in lease agreements. Lease agreements range from 3 months to 15 months as from the reporting date and contain renewal options. Fixed increases are factored into agreements.

16. EARNINGS PER SHARE (EPS)

	CONSOLIDATED	
	2012	2011
(a) Basic earnings per share (cents per share)	(31.8)	(37.6)
(b) The Weighted Average Number of Ordinary Shares (WANOS) used in the calculation of Basic Earnings Per Share (post- consolidated basis)	30,760,172	30,361,645
(c) The numerator used in the calculation of Basic Earnings Per Share ($)	(9,767,228)	(11,409,089)

As at 30 June 2012 the company had on issue unlisted options and unlisted performance rights over unissued capital. These options and rights are not considered dilutive as they do not increase the net loss per share.

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares outstanding between the reporting date and the date of the completion of this financial report.

As the group is in a loss situation all options are considered anti dilutive and have been excluded from the calculation of diluted earnings per share. Therefore basic and diluted earnings per share are the same. The number of options and performance rights that could potentially dilute earnings per share in the future is 2,196,779 (2011: 2,769,500).

17. CASH FLOW INFORMATION

	CONSOLIDATED	
	2012	2011
	$	$
(A) RECONCILIATION OF CASH		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Cash at bank	1,555,000	2,187,442
Cash on hand	5,615,800	782
Deposits on call	459,333	1,167,610
Term Deposits	5,038,145	8,750,000
Security Bonds	50,747	72,196
Total	**12,719,025**	**12,178,030**
(B) RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES WITH OPERATING PROFIT (LOSS)		
Operating profit (loss) after income tax	(9,767,228)	(11,409,089)
NON CASH FLOWS IN OPERATING (LOSS):		
Depreciation expense	53,299	82,700
Accrued income	-	137,879
Exchange Rate Effect on Foreign Currencies Held	(9,403)	295,865
Amortisation expense	9,200	9,200
Executive share option expense	1,433,931	1,429,815
Loss on Sale of non-current assets	-	93,706
Realised loss on disposal of financial assets at fair value through profit and loss	233,236	683,525
Net Loss on revaluation of financial assets held at fair value	(164,488)	(1,015,937)
Unrealised Loss Foreign Exchange Translation	150,698	(38,788)
CHANGES IN ASSETS AND LIABILITIES:		
(Increase)/decrease in receivables	(21,715)	(743,112)
(Increase)/decrease in prepayments	(167,871)	356,479
Increase/(decrease) in payables	(1,728,341)	586,856
Increase/(decrease) in provisions	(43,999)	44,044
Net cash used in operating activities	**(10,022,681)**	**(9,486,857)**

Cash at bank earns floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

The effective interest rate on short-term deposits was 5.73% (2011: 5.95%). These deposits have an average maturity date of 80 days (2011: 159 days).

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

THE SPECIFIED DIRECTORS OF CLINUVEL PHARMACEUTICALS LIMITED DURING THE YEAR WERE:

Dr. H.P.K. Agersborg (Deputy Chair, Chief Scientific Officer)

Mr. S.R. McLiesh (Non-Executive to July 1, 2010, Non-Executive Chair thereafter)

Mrs. B.M. Shanahan (Non-Executive Chair to July 1, 2010, Non-Executive Director thereafter)

Dr. P.J. Wolgen (Managing Director)

Mr. L.J. Wood (Non-Executive)

Mr. E. Ishag (Non-Executive)

THE SPECIFIED EXECUTIVES OF CLINUVEL PHARMACEUTICALS LIMITED DURING THE YEAR WERE:

Dr. D. J. Wright (VP – Scientific Affairs)

Mr. D. M. Keamy (Chief Financial Officer, Company Secretary)

Please see the Remuneration Report on pages 23-24 for further information.

KEY MANAGEMENT PERSONNEL COMPENSATION

	CONSOLIDATED	
	2012	2011
	$	$
Short-term employee benefits:	2,211,212	1,639,369
Post-employment benefits	50,169	49,585
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	933,283	1,307,035
Total	**3,194,664**	**2,995,989**

REMUNERATION OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL – 2012

	BALANCE AT START OF YEAR	GRANTED AS COMPENS-ATION	EXERCISED	LAPSED AND EXPIRED	BALANCE AT END OFYEAR	VESTED AND EXERCISABLE	UNVESTED
DIRECTORS							
H.P.K. Agersborg	150,000	-	-	(150,000)	-	-	-
E. Ishag	-	-	-	-	-	-	-
S.R. McLiesh	45,000	-	-	(45,000)	-	-	-
B. M. Shanahan	85,000	-	-	(85,000)	-	-	-
P.J. Wolgen	600,000	-	-	(600,000)	-	-	-
L.J. Wood	35,000	-	-		35,000	35,000	-
EXECUTIVES							
D.J. Wright	90,000	-	-	(90,000)	-	-	-
D.M. Keamy	60,000	-	-	(60,000)	-	-	-

* all options restated to a post-consolidated basis

REMUNERATION CONDITIONAL PERFORMANCE RIGHTS HOLDINGS OF KEY MANAGEMENT PERSONNEL – 2012

	BALANCE AT START OF YEAR	GRANTED AS COMPEN-SATION	EXERCISED	LAPSED AND EXPIRED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
DIRECTORS							
H.P.K. Agersborg	450,000	-	(150,000)	-	300,000	57,500	242,500
E. Ishag	-	50,000	-	-	50,000	-	50,000
S.R. McLiesh	-	80,000	-	-	80,000	-	80,000
B. M. Shanahan	-	50,000	-	-	50,000	-	50,000
P.J. Wolgen	900,000	-	(300,000)	-	600,000	91,667	508,333
L.J. Wood	-	50,000	-	-	50,000	-	50,000
EXECUTIVES							
D.J. Wright	87,500	162,500	(10,000)	-	240,000	92,916	147,084
D.M. Keamy	32,500	160,000	(52,680)	-	139,320	-	139,320

* all options restated to a post-consolidated basis

REMUNERATION OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL – 2011

	BALANCE AT START OF YEAR	GRANTED AS COMPEN-SATION	EXERCISED	LAPSED AND EXPIRED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
DIRECTORS							
H.P.K. Agersborg	150,000	-	-		150,000	150,000	-
R. Aston	130,000	-	-	(130,000)	-	-	-
E. Ishag	-	-	-		-	-	-
S.R. McLiesh	45,000	-	-		45,000	45,000	-
B. M. Shanahan	85,000	-	-		85,000	85,000	-
P.J. Wolgen	600,000	-	-		600,000	600,000	-
L.J. Wood	35,000	-	-		35,000	35,000	-
EXECUTIVES							
D.J. Wright	140,000	-	-	(50,000)	90,000	90,000	-
D.M. Keamy	60,000	-	-	-	60,000	60,000	-

* all options restated to a post-consolidated basis

All equity dealings with Directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

REMUNERATION CONDITIONAL PERFORMANCE RIGHTS HOLDINGS OF KEY MANAGEMENT PERSONNEL – 2011

	BALANCE AT START OF YEAR	GRANTED AS COMPEN-SATION	EXERCISED	LAPSED AND EXPIRED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
DIRECTORS							
H.P.K. Agersborg	-	450,000	-	-	450,000	150,000	300,000
R. Aston	-	-	-	-	-	-	-
E. Ishag	-	-	-	-	-	-	-
S.R. McLiesh	-	-	-	-	-	-	-
B. M. Shanahan	-	-	-	-	-	-	-
P.J. Wolgen	-	900,000	-	-	900,000	300,000	600,000
L.J. Wood	-	-	-	-	-	-	-
EXECUTIVES							
D.J. Wright	87,500	-	-	-	87,500	10,000	77,500
D.M. Keamy	40,000	-	(8,000)	-	32,000	-	32,000

* all options restated to a post-consolidated basis

19. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2012	2011
	$	$
Amounts received or due and receivable by Grant Thornton for:		
audit services and review	61,415	60,000
other services	-	-
	61,415	**60,000**

20. RELATED PARTY DISCLOSURES

DIRECTORS

The Directors of Clinuvel Pharmaceuticals Ltd during the financial year were:

H.P.K. Agersborg, S.R. McLiesh, P.J. Wolgen, B.M. Shanahan, L.J. Wood, E. Ishag

WHOLLY-OWNED GROUP TRANSACTIONS

Loans

The loan receivable by Clinuvel Pharmaceuticals Ltd from A.C.N. 089 584 467 Pty Ltd is non-interest bearing. Repayment of the loan will commence upon commercialisation of the company's drug candidate. A provision for non-recovery has been raised in the accounts of Clinuvel Pharmaceuticals Ltd to the extent that a deficiency in net assets exists in A.C.N. 089 584 467 Pty Ltd.

The loan receivable by Clinuvel Pharmaceuticals Ltd from A.C.N. 108 768 896 Pty Ltd is non-interest bearing. A provision for non-recovery has been raised in the accounts of Clinuvel Pharmaceuticals Ltd to the extent that a deficiency in net assets exists in A.C.N. 108 768 896 Pty Ltd. The loan to A.C.N. 108 768 896 Pty Ltd as at 30 June 2012 is $ 4,370,640 (2011: $4,370,640).

The loan receivable by Clinuvel Pharmaceuticals Ltd from Clinuvel, Inc is non-interest bearing. Repayment of the loan will commence upon commercialisation of the company's drug candidate. A provision for non-recovery has been raised in the accounts of Clinuvel Pharmaceuticals Ltd to the extent that a deficiency in net assets exists in Clinuvel, Inc. The loan to Clinuvel, Inc as at 30 June 2012 is $5,562,409 (2011: $4,022,820).

The loan receivable by Clinuvel Pharmaceuticals Ltd from Clinuvel AG is non-interest bearing. Repayment of the loan will commence upon commercialisation of the company's drug candidate. A provision for non-recovery has been raised in the accounts of Clinuvel Pharmaceuticals Ltd to the extent that a deficiency in net assets exists in Clinuvel AG. The loan to Clinuvel AG as at 30 June 2012 is $8,417,857 (2011: $5,421,381).

DIRECTOR RELATED AND KEY MANAGEMENT PERSONNEL TRANSACTIONS AND ENTITIES

There are no transactions and relationships in existence as at 30 June 2012 between Directors of the Company and their related entities.

21. SEGMENT INFORMATION

A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. The consolidated entity operates in one business segment, being the biopharmaceutical sector , and the majority of its activities is concentrated in researching and developing a sole asset, being its leading drug candidate. It has established entities in more than one geographical area, however the activities from these entities comparative to the consolidated entity are considered immaterial for the purposes of segment reporting.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

22. FINANCIAL INSTRUMENTS

Clinuvel Pharmaceuticals Ltd and consolidated entities have exposure to the following risks from its use in financial instruments:

- Market Risk
- Credit Risk
- Liquidity Risk

The Board of Directors oversees and reviews the effectiveness of the risk management systems implemented by management. The Board has assigned responsibility to the Audit and Risk committee to review and report back to the Board in relation to the company's risk management systems.

MARKET RISK

Market risk is the risk of changes to market prices of foreign exchange purchases, interest rates and equity prices resulting in a change in value of the financial instruments held by the consolidated entity. The objective to manage market risk is to ensure exposures are contained within acceptable parameters, to minimise costs and to stabilise existing assets.

FOREIGN CURRENCY RISK

The consolidated entity is exposed to foreign currency risk on future commercial transactions and recognised assets and liabilities that are denominated in a currency other than the functional currency of each of the group's entities, primarily US dollars (USD), Euros (EUR) and Swiss francs (CHF). The parent entity is exposed to the risk of its cash flows being adversely affected by movements in exchange rates that will increase the Australian dollar value of foreign currency payables.

The consolidated entity's policy of managing foreign currency risk is to purchase foreign currencies equivalent to the cash outflow projected over minimum 30 days by the placement of market orders or forward exchange contracts to achieve a target rate of exchange, with protection floors in the event of a depreciating Australian dollar exchange rate, to run for the time between recognising the exposure and the time of payment. In the event of an appreciating Australian dollar, the amount of foreign currency held is minimised at a level to only meet short term obligations in order to maximise gains in an appreciating Australian currency. Clinuvel does not engage in speculative transactions in its management of foreign currency risk. No forward exchange contracts had been entered into as at 30 June 2012 and as at 30 June 2011.

THE CONSOLIDATED ENTITIES EXPOSURE TO FOREIGN CURRENCY RISK AT 30 JUNE 2012

	CONSOLIDATED 2012				CONSOLIDATED 2011			
	CASH & CASH EQUIVALENTS	TRADE DEBTORS & OTHER ASSETS	TRADE & OTHER PAYABLES	TOTAL	CASH & CASH EQUIVALENTS	TRADE DEBTORS & OTHER ASSETS	TRADE & OTHER PAYABLES	TOTAL
USD	789,885		(764,207)	25,678	1,115,194	-	(1,618,623)	(503,429)
EUR	278,510	1,249,834	(259,948)	1,268,396	339,831	793,125	(519,605)	613,351
CHF	304,168	209,856	(458,090)	55,934	242,754	-	(581,448)	(338,694)
GBP	-	-	(19,105)	(19,105)	-	-	(111,224)	(111,224)
SEK	-	-	-	-	-	-	(92,736)	(92,736)

Sensitivity Analysis

During the financial year the company had a principal foreign currency transaction risk exposure to the US dollar. Assuming all other variables remain constant, an appreciation in the Australian dollar is advantageous to the consolidated entity as foreign currencies are required to be purchased from Australian dollars to pay for a key component of the clinical program.

For the consolidated entity, a 10% appreciation of the Australian dollar against the US currency would have increased profit and loss and equity by $229,886 for the year ended 30 June 2012 (2011: $335,132), on the basis that all other variables remain constant. 10% is considered representative of the market volatility in the Australian/US dollar rate for the period.

For the consolidated entity, a 10% depreciation of the Australian dollar against the US currency would have an equal but opposite effect to the above, on the basis that all other variables remain constant.

The group's exposure to other foreign currency movements is not considered material.

INTEREST RATE RISK

The consolidated entity holds floating interest bearing assets therefore exposure to interest rate risk exists. It does not hold interest bearing liabilities.

The consolidated entity currently finances its operations through reserves of cash and liquid resources and does not have a borrowing requirement. In order to be protected from, and to take advantage of, interest rate movements it is the consolidated entity's policy to place cash into deposits and other financial assets at both fixed and variable (floating) rates. The Board monitors the movements in interest rates in combination with current cash requirements to ensure the mix and level of fixed and floating returns is in the best interests of the consolidated entity.

Sensitivity Analysis

For the consolidated entity, at 30 June 2012, if interest rates had changed by +/- 50 basis points from the year-end rates (a movement considered reflective of the level of interest rate movements throughout the course of the financial year), with effect from the beginning of the year, profit and equity would be $53,778 higher/lower (2011: $105,865 higher/ lower) This analysis assumes all other variables are held constant.

PRICE RISK

Clinuvel Pharmaceuticals Ltd and its consolidated entities are exposed to price risk in its investments in income securities classified in the Statement of Financial Position as held for trading. Diversification of its investments is used to manage price risk. Neither the consolidated entity nor the parent is exposed to commodity price risk.

Sensitivity Analysis

At 30 June 2012, if the weighted average of the market-acknowledged benchmarks of the investments in income securities increased/decreased by 4.70% (2011: 4.98%) assuming all other variables constant and the investments in securities move in correlation with the indexes, the impact on profit and equity is:

CONSOLIDATED	2012	2011
	$	$
Market-acknowledged weighted average benchmarks	21,319	66,320

CREDIT RISK

Credit risk arises from the potential failure of counterparties to meet their contractual obligations, resulting in a loss to the consolidated entity.

Credit risk in relation to the consolidated entity is the cash and cash equivalents deposited with banks, trade and other receivables, and investments in securities. Exposure to credit risk in investments in securities is limited to the investing of surplus cash in listed floating rate notes issued by counterparties deemed creditworthy by ratings agencies (A rated minimum). Portfolio managers engaged in the management of the investments in securities on behalf of Clinuvel continually assess the credit worthiness of the counterparties who report to Clinuvel of any change in credit risk. Exposure to credit risk in trade debtors is limited to the two counterparties, being an Italian government funded medical institution and a Swiss government funded medical institution.

The maximum credit exposure is the carrying value of the cash and cash equivalents deposited with banks, trade and other debtors, investments in securities and foreign subsidiaries.

LIQUIDITY RISK

Liquidity risk is the risk the consolidated entity will not be able to meets its financial obligations when they fall due. It is the policy of the consolidated entity to ensure there is sufficient liquidity to meet is liabilities when due without incurring unnecessary loss or damage. The consolidated entity holds cash and instruments in liquid markets. It does not hold financing facilities, overdrafts or borrowings.

FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at reporting date. The quoted market price for the consolidated entity is the bid price. For longer term debt instruments held by the consolidated entity, dealer quotes are used to determine fair value.

The carrying value of trade payables is assumed to approximate their fair values due to their short-term nature.

The consolidated entity manages its liquidity needs by carefully identifying expected operational expenses by month and ensuring sufficient cash is on hand, across appropriate currencies, in the day-to-day bank accounts for a minimum 30 day period. When further liquidity is required the consolidated entity draws down on its cash under management and/or projects future liquidation of its investments in securities to service future liquidity needs.

CAPITAL RISK MANAGEMENT

The consolidated entity's equity is limited to shareholder contributions. Its capital management objectives is limited to ensuring the equity available to the company will allow it to continue as a going concern and to realise adequate shareholder return by progressing in its developmental research of SCENESSE® and achieving eventual commercialisation.

CONTRACTUAL MATURITIES OF FINANCIAL ASSETS AS AT 30 JUNE 2012

	CONSOLIDATED	
	2012	2011
	$	$
CASH AND CASH EQUIVALENTS		
Carrying Amount	12,719,025	12,178,030
6 months or less	12,719,025	12,133,359
Greater than 6 months	-	44,671
Total	**12,719,025**	**12,178,030**
OTHER FINANCIAL ASSETS (INCLUDES TRADE AND OTHER RECEIVABLES)		
Carrying Amount	1,460,805	6,294,667
6 months or less	1,460,805	973,610
Greater than 6 months	-	5,321,057
Total	**1,460,805**	**6,294,667**

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES AS AT 30 JUNE 2012

	CONSOLIDATED	
	2012	2011
	$	$
TRADE AND OTHER PAYABLES		
Carrying Amount	2,080,211	3,435,626
6 months or less	1,757,294	3,376,227
Greater than 6 months	322,917	59,400
Total	**2,080,211**	**3,435,627**

23. EMPLOYEE BENEFITS

	CONSOLIDATED	
	2012	2011
	$	$
The aggregate employee benefit liability is comprised of :		
Provision for annual leave	200,312	270,470
Provision for long service leave	77,418	51,259
Accrued FBT, Superannuation, Pension Funds, Employee Insurances	260,459	350,442
	538,189	672,171

A) SHARE BASED PAYMENTS

The consolidated entity has a share option scheme (which will no longer issue further share options under the scheme) and a conditional performance rights scheme which is ownership based for key management personnel and select consultants (including Directors) of the company.

Share Option Scheme

Each share option converts to one ordinary share of the consolidated entity. The options were issued for nil consideration. There are no voting rights attached to the option and they can be exercised any time from the date of vesting to the date of expiry. They are non-transferable and not listed on the ASX.

The number of options granted was subject to approval by the Remuneration and Nomination Committee and by shareholders at general meetings. Each series of options had specific terms and conditions, from 12 month restriction periods for the number of options to vest, to monthly restriction periods over 48 months, and to the satisfaction of performance objectives set by the Directors of the consolidated entity. Those options which are currently unexpired and held by only one Non-Executive Director are fully vested.

Conditional Performance Rights Scheme

All performance rights issued fall under the Clinuvel Conditional Performance Rights Plan, available to eligible employees of the company. Any issue of rights to executive Directors requires shareholder approval in accordance with ASX Listing Rules. All rights converts to one ordinary share of the consolidated entity are issued for nil consideration, have no voting rights, are non-transferable and are not listed on the ASX. They can be converted to ordinary shares at any time once the vesting conditions attached to the rights have been achieved, whereby they will be held by a Scheme Trustee on behalf of the eligible employee for up to 7 years. The eligible employee can request for shares to be transferred from the Scheme Trust after 7 years or at an earlier date if the eligible employee is no longer employed by the company or all transfer restrictions are satisfied or waived by the Board in its discretion.

The number of rights granted is subject to approval by the Remuneration and Nomination Committee. Rights currently have specific terms and conditions, being the achievement of performance milestones set by the Directors of the consolidated entity.

THE FOLLOWING SHARE BASED PAYMENT ARRANGEMENTS WERE IN EXISTENCE AT 30 JUNE 2012

OPTIONS SERIES		NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Issued	18/11/2008	35,000	18/11/2008	18/11/2013	$2.75	$0.50
PERFORMANCE RIGHTS SERIES		NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Issued	16/10/2009	150,500	16/10/2009	Upon achievement of specific performance milestones	$Nil	$2.20
Issued	07/01/2010	17,500	07/01/2010	Upon achievement of specific performance milestones	$ Nil	$0.50
Issued	25/11/2010	900,000	25/11/2010	Upon achievement of specific performance milestones	$ Nil	$1.04
Issued	16/09/2011	863,779	16/09/2011	Upon achievement of specific performance milestones	$ Nil	Between $0.55 and $0.72
Issued	16/11/2011	230,000	16/11/2011	Upon achievement of specific performance milestones	$ Nil	$0.67

OPTION HOLDINGS OF ALL ISSUED OPTIONS – 2012

OPTIONS SERIES	BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	EXPIRED AND LAPSED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
Issued 09/02/2007	1,136,000		-	(1,136,000)	-	-	-
Issued 18/11/2008	35,000	-	-	-	35,000	35,000	-
Total	**1,171,000**	**-**	**-**	**(1,136,000)**	**35,000**	**35,000**	**-**
Weighted Average Exercise Price	$8.50	-	-	$8.60	$2.75	$2.75	-

The share options outstanding at the end of the financial year had an average remaining contractual life of 506 days (2011: 253 days).

Options were priced using the Black Scholes Binominal option pricing model. The expected life used in the model is assumed to be the midpoint between the vesting date and exercise date. Expected volatility of each share option is based on the historical share price for the same length of time for the expected life of the options. It is assumed that the consolidated entity will not pay any dividends during the life of the option, and the risk free rate used in the option pricing model is assumed to be the zero coupon interest rate on valuation date.

HOLDINGS OF ALL ISSUED CONDITIONAL PERFORMANCE RIGHTS- 2012

PERFORMANCE RIGHTS SERIES	BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	EXPIRED AND LAPSED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
Issued 16/10/2009	222,250	-	(66,000)	(5,750)	150,500	36,000	114,500
Issued 07/01/2010	26,250	-	(8,750)	-	17,500	13,750	3,750
Issued 25/11/2010	1,350,000	-	(450,000)	-	900,000	149,167	750,833
Issued 16/09/2011	0	1,301,000	(311,095)	(126,126)	863,779	75,676	788,103
Issued 16/11/2011	0	230,000	-	-	230,000	0	230,000
Total	**1,598,500**	**1,531,000**	**(835,845)**	**(131,876)**	**2,161,779**	**274,593**	**1,887,186**
Weighted Average Exercise Price	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

Performance Rights were priced using either a binomial or trinomial pricing model. There is no limitation on the life of the right. Expected volatility of each right is based on the historical share price for the approximate length of time for the expected life of the rights. It is assumed that the consolidated entity will not pay any dividends during the life of the option, and the risk free rate used in the pricing model is assumed to be the yield on either the 1 year, 2 year, 3 year or 4 year Government bonds. The exercise conditions are non-marketable and a discount for lack of marketability was applied to the pricing model.

OPTION HOLDINGS OF ALL ISSUED OPTIONS – 2011

OPTIONS SERIES	BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	EXPIRED AND LAPSED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
Issued 09/02/2007	1,276,000	-	-	(140,000)	1,136,000	1,136,000	-
Issued 18/11/2008	35,000	-	-	-	35,000	35,000	-
Total	**1,311,000**	**-**	**-**	**(140,000)**	**1,171,000**	**1,171,000**	**-**
Weighted Average Exercise Price	$7.80	-	-	$8.60	$8.40	$8.50	-

The share options outstanding at the end of the financial year had an average remaining contractual life of 506 days (2011: 253 days).

Options were priced using the Black Scholes Binominal option pricing model. The expected life used in the model is assumed to be the midpoint between the vesting date and exercise date. Expected volatility of each share option is based on the historical share price for the same length of time for the expected life of the options. It is assumed that the consolidated entity will not pay any dividends during the life of the option, and the risk free rate used in the option pricing model is assumed to be the zero coupon interest rate on valuation date.

HOLDINGS OF ALL ISSUED CONDITIONAL PERFORMANCE RIGHTS- 2011

PERFORMANCE RIGHTS SERIES	BALANCE AT START OF YEAR	GRANTED AS COMPENSATION	EXERCISED	EXPIRED AND LAPSED	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE	UNVESTED
Issued 16/10/2009	262,000	-	(18,500)	(21,250)	222,250	19,750	202,500
Issued 07/01/2010	70,000	-	(43,750)	-	26,250	26,250	-
Issued 25/11/2010	-	1,350,000	-	-	1,350,000	450,000	900,000
Total	**332,000**	**1,350,000**	**(62,250)**	**(21,250)**	**1,598,500**	**496,000**	**1,102,500**
Weighted Average Exercise Price	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	-

Performance Rights were priced using either a binomial or trinomial pricing model. There is no limitation on the life of the right. Expected volatility of each right is based on the historical share price for the approximate length of time for the expected life of the rights. It is assumed that the consolidated entity will not pay any dividends during the life of the option, and the risk free rate used in the pricing model is assumed to be the yield on either the 1 year, 2 year, 3 year or 4 year Government bonds. The exercise conditions are non-marketable and a discount for lack of marketability was applied to the pricing model.

PERFORMANCE RIGHTS - TRINOMIAL PRICING MODEL

INPUTS		
Grant Date Share Price	$1.49	$1.62
Exercise Price	$Nil	$Nil
Grant Date	16 November 2011	16 September 2011
Expiry Date	Undefined	Undefined
Historical Volatility (weighted average)	60%	60%
Expected Life (weighted average)	13.5 months	15.3 months
Hurdle Rate	$2.00	$2.00
Risk Free Interest Rate	3.39%	3.63% to 3.86%

24. CLINUVEL PHARMACEUTICALS LTD PARENT COMPANY INFORMATION

	CLINUVEL PHARMACEUTICALS LTD	
	2012	2011
	$	$
ASSETS		
Current Assets	14,122,798	18,092,766
Non-Current Assets	767,111	1,099,616
Total Assets	**14,889,909**	**19,192,382**
LIABILITIES		
Current Liabilities	1,508,180	2,716,513
Non-Current Liabilities	18,998	40,404
Total Liabilities	**1,527,178**	**2,756,917**
EQUITY		
Issued equity	119,323,392	113,338,940
Reserves	1,910,483	3,206,597
Accumulated losses	(107,871,144)	(100,110,072)
Total Equity	**13,362,731**	**16,435,465**
FINANCIAL PERFORMANCE		
Net Profit (Loss) for the year	(10,131,092)	(11,374,096)
Other Comprehensive Income	-	-
Total Comprehensive Income	**(10,131,092)**	(11,374,096)

25. SUBSEQUENT EVENTS

There have not been any matters financial in nature, other than reference to the financial statements that has arisen since the end of the financial year that has affected or could significantly affect the operations of the consolidated entity.

26. ADDITIONAL COMPANY INFORMATION

Clinuvel Pharmaceuticals Ltd is a listed public company incorporated and operating in Australia.

The Registered office is:

Level 14, 190 Queen Street
Melbourne VIC 3000
Ph: (03) 9660 4900

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and

   b) complying with Accounting Standards; and

   c) complying with International financial Reporting Standards as disclosed in Note 1.

2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. the remuneration disclosures set out in the Annual Report comply with Australian Accounting Standards 124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the Board of Directors. The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by Section 295A of the Corporations Act 2001.

Dr. Philippe Wolgen

Managing Director

Dated this 29th day of August, 2012

Grant Thornton Audit Pty Ltd
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ACN 130 913 594

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W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Clinuvel Pharmaceuticals Ltd

Report on the financial report

We have audited the accompanying financial report of Clinuvel Pharmaceuticals Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Clinuvel Pharmaceuticals Ltd is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 23 to 35 of the directors' report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Clinuvel Pharmaceuticals Ltd for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M.A. Cunningham
Partner - Audit & Assurance

Melbourne, 29 August 2012

Grant Thornton Audit Pty Ltd
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W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Clinuvel Pharmaceuticals Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Clinuvel Pharmaceuticals Ltd for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. A. Cunningham
Partner – Audit & Assurance Services

Melbourne, 29 August 2012

ADDITIONAL INFORMATION REQUIRED BY THE AUSTRALIAN SECURITIES EXCHANGE (ASX)

Additional information, as at 30 September 2012, required by the ASX and not shown elsewhere in this report is as follows:

1. SHAREHOLDING

A. DISTRIBUTION OF SHAREHOLDER NUMBERS

CATEGORY (SIZE OF HOLDING)	TOTAL HOLDERS
1-1,000	2,066
1,001-5,000	980
5,001-10,000	201
10,001-100,000	228
100,001-999,999,999	26

B. The number of shareholdings held in less than marketable parcels is 1,030 for ordinary shares

C. There are no substantial Shareholders listed in the company's holding registry as at 30 September 2012.

D. Voting rights: ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

E. TOP 20 SHAREHOLDERS

POSITION	NAME	NUMBER OF ORDINARY FULL PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
1.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	7,103,710	20.50
2.	NATIONAL NOMINEES LIMITED	3,957,802	11.42
3.	CITICORP NOMINEES PTY LIMITED	3,652,036	10.54
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,813,328	5.23
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,215,606	3.51
6.	DR MARK EDWIN BADCOCK	862,000	2.49
7.	ACN 108 768 896 PTY LTD	808,470	2.33
8.	SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	803,208	2.32
9.	BOODUP NOMINEES PTY LTD <OTTER SUPER FUND A/C>	694,613	2.00
10.	J P MORGAN NOMINEES AUSTRALIA LIMITED	429,702	1.24
11.	MRS PAMELA FRANCES CARTER + MRS CECELIA JOSEPHINE BASELEY <SHEPHERD KING SUPERFUND A/C>	370,739	1.07
12.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	276,592	0.80
13.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	225,112	0.65
14.	SANDHURST TRUSTEES LTD <AUSTRALIAN NEW HORIZONS A/C>	213,586	0.62
15.	ARMADA TRADING PTY LTD	178,092	0.51
16.	DR MICHAEL JAMES FISH	173,271	0.50
17.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	172,737	0.50
18.	UTOPIA LAND COMPANY PTY LTD	161,000	0.46
19.	TERSTAN NOMINEES PTY LTD <MORROWS P/L SUPER FUND A/C>	155,523	0.45
20.	DR CORINNE GINIFER	150,000	0.43
		23,417,127	**67.58**

2. COMPANY SECRETARY

The name of the Company Secretary is:
Darren Keamy

3. REGISTERED OFFICE

The address of the principle registered office in Australia is:
Level 14/190 Queen St
Melbourne, Vic 3000
Telephone: +61 3 9660 4900
Fax: +61 3 9660 4999
Email: mail@clinuvel.com
Website: http://www.clinuvel.com

4. REGISTER OF SECURITIES

COMPUTERSHARE INVESTOR SERVICES PTY LTD
Yarra Falls,
453 Johnson St
Abbotsford, Vic 3067 Australia

5. AUSTRALIAN SECURITIES EXCHANGE LIMITED

Quotation has been granted for all the ordinary shares on all Member Exchanges of the Australian Securities Exchange Limited (ASX: CUV).

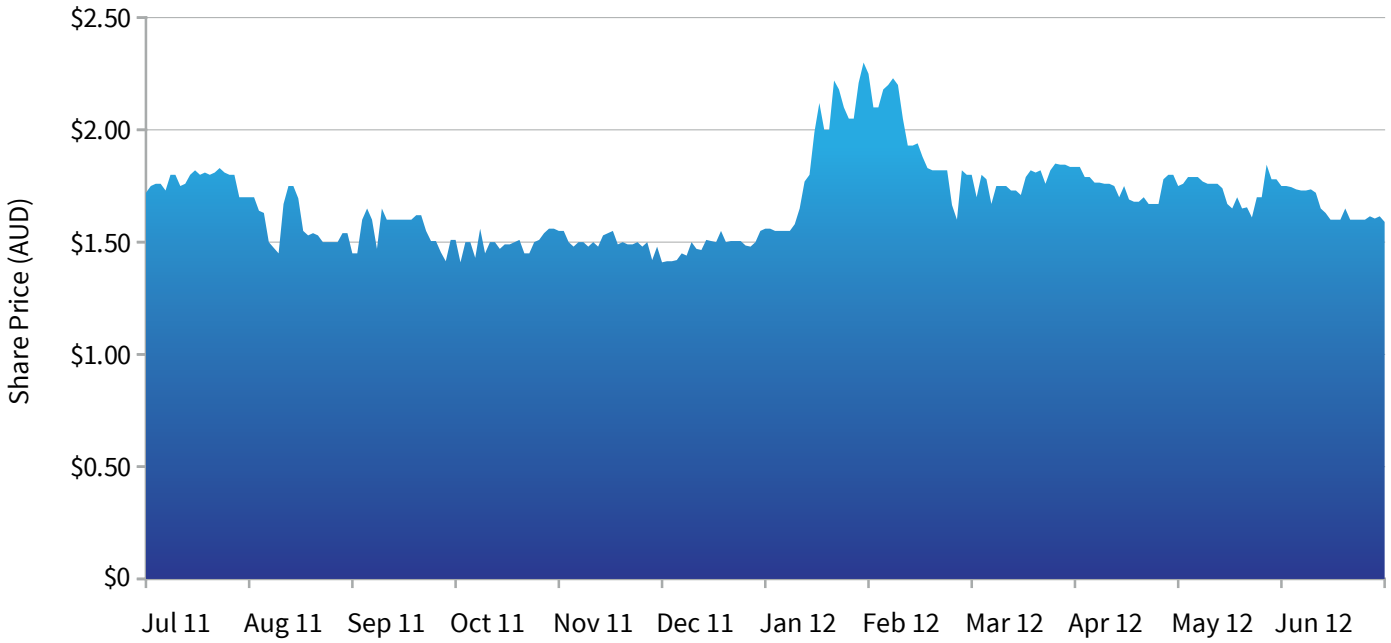
The company's shares are also quoted on other international exchanges as follows:
Germany: Frankfurt and XETRA: UR9
USA: Level 1 American Depositary Receipt (ADR) code: CLVLY
ADR Custodian: Bank of New York Mellon

6. RESTRICTED SECURITIES

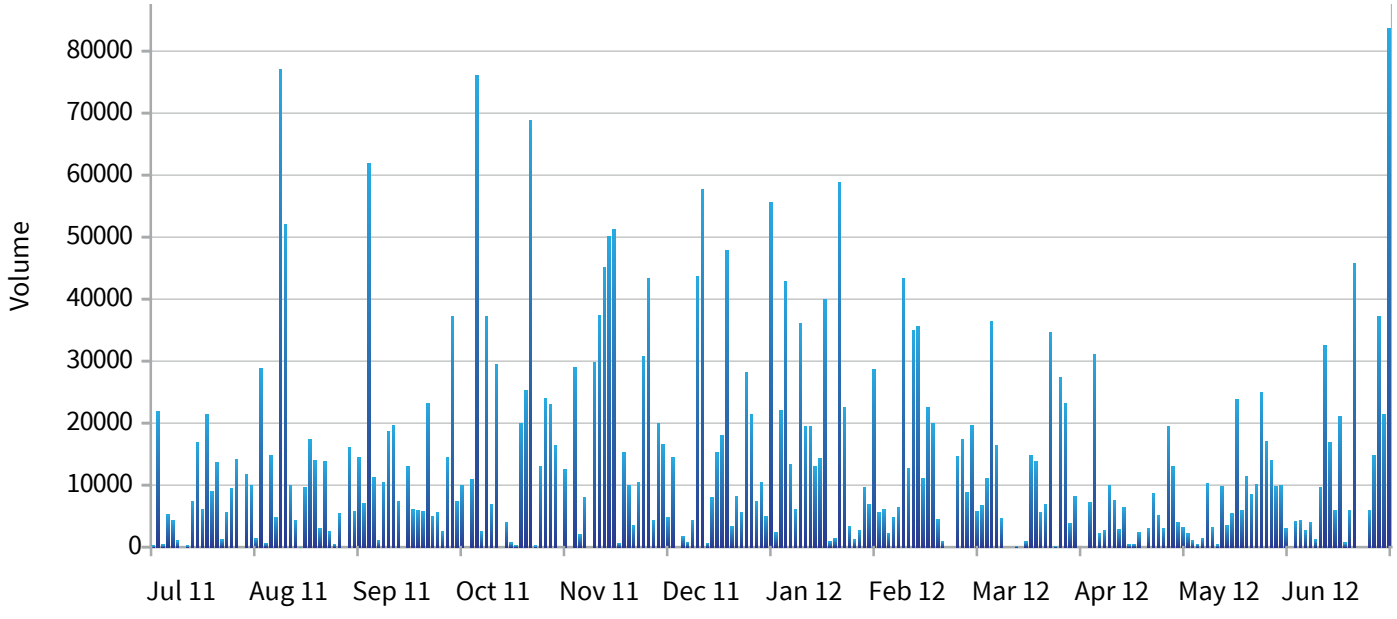
Restricted securities on issue at June 30 2012: Nil.

MARKET PERFORMANCE

SHARE PRICE ASX:CUV



DAILY TRADING VOLUME



GLOSSARY

ALPHA-MELANOCYTE STIMULATING HORMONE (α-MSH)
A peptide hormone which activates or stimulates the production and release of (eu)melanin in the skin (melanogenesis).

DIRECT SOLAR RADIATION
The part of extraterrestrial solar radiation which, as a collimated beam, reaches the earth's surface after selective attenuation by the atmosphere.

EUROPEAN MEDICINES AGENCY (EMA)
The decentralised body of the European Union regulating medical drugs and devices.

ERYTHEMA (ACTINIC-SOLAR)
Reddening of the dermis (the top layer of skin), with or without inflammatory component, caused by the actinic effect of solar radiation or wavelengths of light by artificial optical radiation (source).

EUMELANIN
A black or brown pigment mainly concerned with the protection of the skin by absorbing incoming UV radiation. This protective ability warrants melanin to be termed a photoprotectant (a substance capable of providing protection against radiation from the sun). α-MSH acts specifically to stimulate (eu)melanin synthesis.

FOOD AND DRUG ADMINISTRATION (FDA)
The USA's regulatory agency for food, tobacco, medical drugs and devices.

FITZPATRICK SCALE
A numerical classification schema that classifies the response of different types of skin to UV light.

- Fitzpatrick type I - white unpigmented skin, always burns;
- Fitzpatrick type II - white unpigmented skin, usually burns;
- Fitzpatrick type III - olive pigmented skin, sometimes mild burns;
- Fitzpatrick type IV - brown pigmented skin, rarely burns;
- Fitzpatrick type V - dark brown pigmented skin, seldom burns;
- Fitzpatrick type VI - black pigmented skin, never burns.

IMMUNOCOMPROMISED
Having an immune system that has been impaired by disease or treatment, such as immunosuppressive drugs used to prevent organ rejection in transplant patients.

IMMUNOMODULATORY
Changes to the level of a person's immunity.

IMMEDIATE PIGMENTING DOSE (IPD)
The amount of UV required to stimulate immediate pigmentation change.

MARKETING AUTHORISATION APPLICATION (MAA)
A formal application to the EMA to approve a drug product or medical device for sale.

MELANIN
The dark pigment synthesised by melanocytes; responsible for skin pigmentation.

MELANOCYTES
The cells in the skin that produce melanin.

MELANOGENESIS
The process whereby melanin is produced in the body.

MINIMUM ERYTHEMA DOSE (MED)
The actinic dose that produces a just noticeable erythema on normal, non-exposed, "fair" skin. The quantity usually corresponds to a radiant exposure of monochromatic (=1 wavelength) radiation at the maximum spectral efficiency (α=295 nm) of approximately 100 J/m2.

NARROWBAND ULTRAVIOLET B (NB-UVB) PHOTOTHERAPY
Therapy which utilises an ultraviolet B light source to activate melanin in vitiliginous lesions of the skin.

NEW DRUG APPLICATION (NDA)
A formal application to the FDA to approve a drug product for sale.

PHEOMELANIN
A reddish pigment, a very weak absorptive of UV radiation. It also acts as a photosensitiser (makes your skin sensitive to light), where it increases sun sensitivity and skin ageing.

PHASE I
The first trials of a new drug candidate in humans, Phase I trials are designed to evaluate how a new drug candidate should be administered, to identify the highest tolerable dose and to evaluate the way the body absorbs, metabolises and eliminates the drug.

PHASE II
A Phase II trial is designed to continue to test the safety of the drug candidate, and begins to evaluate whether, and how well, the new drug candidate works (efficacy). Phase II trials often involve larger numbers of patients.

PHASE IIB/PHASE III
Advanced-stage clinical trials that should conclusively demonstrate how well a therapy based on a drug candidate works. Phase III trials can be longer and typically much larger than Phase II trials, and frequently involve multiple test sites. The goal is statistically determining whether a therapy clinically improves the health of patients undergoing treatment while remaining safe and well tolerated.

PHARMACODYNAMICS
The study of the time course of a drug's actions in the body.

PHARMACOKINETICS
The part of pharmacology that studies the release and availability of a molecule and drug in the human body.

PHOTODERMATOSES
Skin diseases onset by exposure of skin to sunlight and UV.

PHOTOPROTECTION
Protection from light and ultraviolet radiation. Melanin provides natural photoprotection to skin, whilst sunscreens provide artificial photoprotection.

SUBCUTANEOUS
Underneath the skin.

SUSTAINED RELEASE/CONTROLLED-RELEASE
Process whereby a drug is released from a formulation over a period of time.

THYMINE DIMERS
DNA changes which are characteristic of UV damage.

THERAPEUTIC GOODS ADMINISTRATION (TGA)
Australia's regulatory agency for medicinal products and devices.

ULTRAVIOLET (UV) RADIATION
Part of the electromagnetic spectrum at wavelengths below 400 nanometers, also called the invisible portion of light. There are three sub-types of UV: UVC <280 nm; UVB 280 – 320 nm; UVA 320 – 400 nm.

CORPORATE DIRECTORY

DIRECTORS AND EXECUTIVES

NON-EXECUTIVE CHAIR
Stanley McLiesh

NON-EXECUTIVE DIRECTORS
Brenda Shanahan, Jack Wood, Elie Ishag

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
Dr Philippe Wolgen

EXECUTIVE DIRECTOR AND CHIEF SCIENTIFIC OFFICER
Dr Helmer Agersborg

VICE PRESIDENT, SCIENTIFIC AFFAIRS
Dr Dennis Wright

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY
Darren Keamy

AUSTRALIAN STOCK EXCHANGE

The company's shares are quoted on the offical list of the Australian Securities Exchange: ASX Code: CUV

The company's shares are also quoted on other international exchanges as follows:

- Germany: Frankfurt and Xetra: UR9
- USA: Level 1 American Depositary Receipt Code: CLVLY
- ADR Custodian: Bank of New York Mellon

SHARE REGISTRY

COMPUTERSHARE INVESTOR SERVICES PTY LTD
Yarra Falls, 453 Johnston Street
Abbotsford, VIC 3067, Australia
Tel: +61 3 9415 4000

AUDITOR

GRANT THORNTON AUSTRALIA LIMITED
Level 2, 215 Spring Street
Melbourne, VIC 3000, Australia

BANKER

NATIONAL AUSTRALIA BANK (NAB)
Western Branch, 460 Collins Street
Melbourne, VIC 3000, Australia

LEGAL COUNSEL

ARNOLD BLOCH LEIBLER
Level 21, 333 Collins Street
Melbourne Victoria 3000

BRISTOWS
100 Victoria Embankment
London, EC4Y 0DH, United Kingdom

FAL LAWYERS
Level 16, 356 Collins Street
Melbourne Victoria 3000

IP LAWYER

DIPL.-ING. PETER FARAGO
Baadestr. 3
Munich 80

Clinuvel

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