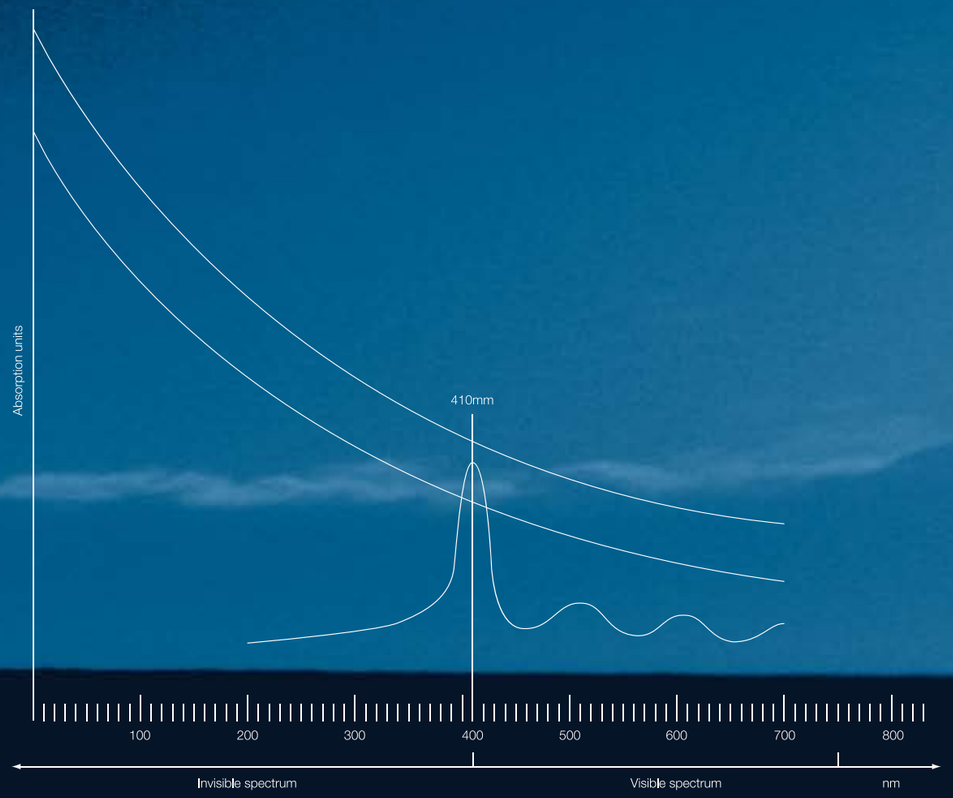

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Clinuvel

Annual Report 2007

Contents

Clinuvel Pharmaceuticals Limited
& Controlled Entities Annual Report
Year ended 30 June 2007

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Notice of meeting

The Annual General Meeting will be held on:
Friday 16 November 2007 commencing at 10:00am
Venue: Arnold Bloch Leibler
Level 21, 333 Collins Street, Melbourne, Victoria 3000
(Main Boardroom)

This Annual Report has been printed on 100% recycled paper.

Company Profile

Clinuvel Pharmaceuticals Limited (Clinuvel) (ASX:CUV) is an Australian biopharmaceutical company focused on developing its leading drug candidate, CUV1647, for a range of UV and light related skin disorders. Clinuvel's pioneering work aims at preventing the symptoms of diseases related to harmful UV radiation.

CUV1647 provides skin protection against UV radiation by enhancing the production of eumelanin, the body's natural photo-protective pigment. Increased pigmentation of the skin appears a few days after administration of CUV1647 and may last up to two months. CUV1647 is administered underneath the skin as a biodegradable implant that is approximately the size of a grain of rice.

CUV1647 is being developed to assist in preventing UV-related skin disorders: Actinic Keratosis (AK – precursor to skin cancer); Polymorphic Light Eruption (PLE or PMLE – sun poisoning); Erythropoietic Protoporphyria (EPP or absolute sun intolerance); Solar Urticaria (SU, anaphylactic reaction to sun) and Photosensitivity associated with cancer treatment (PDT).

We all need some light in the form of sun and ultraviolet radiation (UVR).

We know light is required for our body's production of vitamin D and folic acid. Too little exposure to light leads to deficiencies in vitamin D and attendant diseases.

Too much exposure to UVR is a threat to our bodies.

We need to find a healthy balance which allows us to embrace life.

We believe CUV1647 can help assist to provide a healthy balance and allow us to seek exposure to the sun but limit its harmful effects and protect life.

Our product, CUV1647, is a photo-protective aimed at reducing the effects of UVR on our skin.

Some people are more at risk from UVR exposure than others and suffer a range of diseases (see table below). Many of these diseases currently have no preventative treatments and available medication only offer symptomatic treatment.

CUV1647 is aimed at the largely unmet needs of these people.

Description	Indication
Sun poisoning	Polymorphic Light Eruption (PLE / PMLE)
Absolute Sun intolerance	Erythropoietic Protoporphyria (EPP)
Non melanoma skin cancers / precursor to skin cancers	Actinic Keratosis (AK) and Squamous Cell Carcinoma (SCC) in organ transplant patients
Acute anaphylactic reaction to the sun	Solar Urticaria (SU)
Photo-toxicity associated with cancer treatment	Photodynamic Therapy (PDT)

Chairman's Letter

Dear Shareholder,

It has been a year of strong growth for your company, despite more recent market turmoil that has impacted our share price. As a result of the concerted efforts of our team, led by the CEO, Dr Philippe Wolgen, Clinuvel has significantly progressed its UV-protection platform. In my last letter to you, in the Annual Report of 2006, I emphasised our commitment to the delivery of important progress milestones following the implementation of management changes and the injection of new capital. As such, the past year has been one where the Company has maintained a determined focus on identifying and implementing the key milestones in the business for the achievement of growth.

During the year, I have not only been encouraged by the clinical progress achieved with our lead drug (CUV1647) but also by the diversification of the business through the identification and securing of new clinical applications for our drug. For me, the latter achievement provided Clinuvel with options for product development and registration – essentially "many shots on goal". As a business reliant on clinical success for product registration and eventual sales, we now have parallel studies progressing in several key indications where UV light causes disease and patient hardship. In one particular case, where patients suffer from extreme UV intolerance (EPP), we expect to be granted orphan drug status, thus facilitating the development and registration process being implemented.

On the backdrop of a strong share market during 2006 and early 2007 and in conjunction with the achievement of progress and the initiation of phase III trials, earlier this year we were able to secure long-term funding for the Company. With over $60 million currently in the bank, Clinuvel is one of the well-funded Australian biopharmaceutical companies.

Thus, we now have the ingredients in place for a 'home run' – that is, to take our product into the market. We will face significant challenges with the prevailing regulatory frameworks for new product registration in the coming 24 months but as a team we are both excited and look forward to these challenges.

May I take this opportunity to thank you for your continued support.

Dr Roger Aston
Chairman

Managing Director's Report

Dear Shareholder,

Looking back over the past 12 months, I view an important part of our success to date is due to the passion and tenacity we all put toward the development of our unique photo-protective drug CUV1647. I compliment my team for its ability to implement and execute in a timely fashion the pharmaceutical development of the naturally occurring peptide in a variety of 5 groups of patients. It is a privilege to lead this team of talented and diverse professionals, who have turned the workplace into a competitive environment.

I believe that FY2007 has been nothing less than an exhilarating one for the Company. Firstly, we found and validated additional applications for the photo-protective properties of CUV1647. Secondly, after years of often complex research and development, we finalised the bio-resorbable implant formulation of CUV1647. Thirdly, we managed to secure over AUD$60 million in support from Australian and overseas shareholders. Most importantly, the funding allowed us to accelerate the development of our lead drug CUV1647 in the clinic. Following these changes, we attracted Ms Brenda Shanahan to strengthen our Board.

My continuous excitement for Clinuvel lies in the innovation we are bringing to the field. Despite the penchant of our industry for proclaiming treatments "new" in dermatology, very little is actually new in this field. However, at Clinuvel we now have a first-in-class drug for truly unserved skin diseases and applications in oncology. From the difficulty we are facing in breaking new ground emerges our leadership in biophysics and its medical application. Our team has steadily gained experience in the biological effects of invisible and visible light and the application of CUV1647 in humans. The evolution of Clinuvel is characterised by the focus to excel in solving clinical and pharmaceutical challenges by paying attention to detail to bring the development program to a successful end.

From a Project to a Business

This reality summarises how current management led the transformation of Clinuvel over the past year. I am confident that we are now in the position to fulfill our prime strategic objective of filing to bring our photo-protective, CUV1647, to market in 2009.

Focus

In a rapidly changing regulatory environment, the clinical safety of our asset CUV1647 remains our utmost focus. Safety is the one and only factor that will guarantee Clinuvel's success in targeted administration of CUV1647 as an ethical drug with the ultimate goal to reach successful market entry.

On our journey to successful market approval, we have rapidly gathered in-house know-how in niche areas of biophysics and optics, virgin grounds in pharmaceutical development. Having come this far, from here our aim is to retain 'thought leadership' in these domains with medical application of CUV1647, with a main interest in dermatology to assist in preventative treatments for truly unserved patients.

Value drivers and risk

Throughout 2006/2007, our company has significantly advanced by entering its first patient cohorts in two multi-centre Phase III trials, EPP (inborn disorder) and PLE (sun poisoning). While the value of the program has increased, the scientific risk has materially decreased.

By 31 December 2007, we expect to have added three more Phase II trials to our program, taking all 5 diseases into the clinical trial pathway. I view this as a tremendous achievement of the team in Melbourne and San Francisco.

As we continue to progress, shareholder value creation is expected to follow. On a probability adjusted value assessment, according to various independent analysts who have recently covered Clinuvel, the Company is believed to have the potential to reach all-time high price levels.

> "I have the ambition to lay the foundation of a Company that will grow to one with a market capitalisation of more than AUD$1bn within 5 years."

Market dynamics

As witnessed during the second half of 2007, cross-border events influence the performance of global equity markets. The worldwide occuring credit squeeze, redemptions by hedge funds and the thought of a looming recession are a few of the factors surrounding Clinuvel on a daily basis. Especially in these times, it remains our primary task to seek and intensify communication with all of our stakeholders spread over 5 continents to reassure everyone that the fundamentals of Clinuvel amidst the turmoil worldwide have remained unchanged. In essence, the Company is well funded and its development program is on track.

Changing landscape

Increased awareness of the invisible threats posed by natural and artificial UV radiation, and concern about environmental changes have resulted in frequent and worldwide requests for information from patients and increased media attention for Clinuvel.

Australia, being burdened by a high incidence of skin cancer, has obtained a prominent place in global skin cancer research. To illustrate the magnitude of the problem, of the 3 prevalent skin cancers more than 1300 Australians die from skin cancer each year, and 1 in 2 Australians will get skin cancer in their lifetime. Clinuvel has aligned itself with various research organisations, and institutions to support and aid in providing photo-protection through its melanin enhancing drug, often called by current users, "a visible solution for an invisible threat".

Communicating the signposts

Clinuvel's communication strategy is being expanded to keep well abreast of increased global exposure. With two investor relations' managers on the ground in Europe, and having outsourced our media program, Clinuvel is addressing the domestic and overseas demand for newsflow on the Company.

Clinical and Regulatory advances

The Company has been seeking frequent regulatory guidance in the development of its clinical program. A multiple regulatory strategy in Australia, Europe, Switzerland and the US is an indication of our 4 geographical targets to gain market approval for CUV1647.

In the coming months, we look forward to filing an IND (Investigational New Drug) with the US FDA (Food & Drug Administration).

Corporate objectives

As we are advancing the clinical program of CUV1647, we are starting to examine the options of 'going at it alone' and of partnering with other pharmaceutical companies.

I have the ambition to lay the foundation of a Company that will grow to one with a market capitalisation of more than AUD$1 billion within 5 years.

For this to occur it is mandatory that we continue to build the infrastructure and knowledge base to grow the Company with the same commitment as we have shown to date. The attraction and retention of key management and personnel is essential to our successes, short and long-term.

I acknowledge that Clinuvel would not be where it is today without the input of founder Wayne Millen and Terry Winters who resigned from the board over the year.

Clinuvel remains indebted to the expertise of Dr Hank Agersborg who as Chief Scientific Officer keeps positioning the company on course to obtaining registration. Dr Agersborg will remain responsible for the regulatory & clinical program of the company.

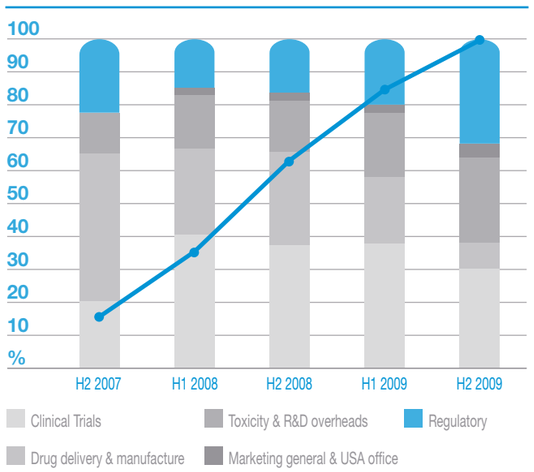
The management team has been fortified with Mr Colin Mackie, a well regarded healthcare analyst in Australia, and Nicoletta Muner, Senior Manager in Regulatory Affairs, and Soniya Survase, clinical trial assistant.

Finance

Cash currently stands at $60m, and provides sufficient funds for completion of the clinical trials and corporate development through to the end of calendar 2009.

Evidence of support for our clinical progress comes from the two successful raisings over FY2007. Clinuvel raised a total of $60m during FY2007 from Australian and international investors.

Fully funded until 2009



Intellectual Property (IP)

Clinuvel continues to strengthen its IP portfolio through technological advancement of CUV1647 and delivery mechanisms. Clinuvel also holds the rights to the use of

CUV1647 or any analogues for the use in all photodermatoses. This portfolio will assist with providing Clinuvel market dominance.

Clinuvel is currently in a unique position to develop one molecule with five different indications for potential clinical use.

Closing comments

I remain aware that there are no certainties in pharmaceutical development, as companies are wholly dependent on the long-term safety profile of their drug in development. Clinuvel is no different from all other peer entities in the field and caution is warranted. However, the lengthy history of using CUV1647 in humans ever since 1995, together with the results to date provides some reason for optimism.

I view the recent successes of our program as a direct result of the executional challenge mastered by our team. It is mostly due to our joint ability to successfully manage and implement the clinical program, to continue research of our active drug formulation, recruit physicians and patients and continue monitoring global clinical centres.

Australia is an ideal hub to accelerate pharmaceutical drug development. In the last 2 years, I have witnessed how the Australian Life Science sector is emerging to become a marketplace, an incubator of the applied science of tomorrow. I am positive that Clinuvel will continue to play a prominent role in the sector.

Dr Philippe J Wolgen MBA MD
Managing Director

Value Drivers for Clinuvel Parmaceuticals

Value Drivers 2006	Value Drivers 2007
Pathway to registration established	
Clinical indications identified x4	**Clinical indications expand to 5**
Clinical pathway commenced	**Clinical pathway progression**
Phase II commenced x2 (PLE, EPP)	**Phase II success x2 (PLE, EPP)**
	Phase III commenced x 2 (PLE, EPP)
Available funds of $10m	**Available funds of $62m**
Raised $17m	**Raised $60m**
New Management team	**Management team evolution**
IP	**IP – new patents / strengthen existing**

Our lead product CUV1647

Our lead product

CUV1647* stimulates the body's natural ability to produce eumelanin, the dark pigment of the skin which is known to have photo-protective effects.

The development of CUV1647 dates back to the mid-1980s initiated by a group of scientists at the University of Arizona.

Preliminary clinical trials in the US, carried out under a physician's IND, demonstrated that CUV1647 stimulated eumelanin production in volunteers in the same way as UV radiation naturally increases eumelanin for a similar duration of time. These first clinical results demonstrated CUV1647 as a stable drug candidate that could increase eumelanin production in humans.

In 1999, Clinuvel (formerly Epitan Ltd) licensed the exclusive worldwide rights to develop and commercialise CUV1647 for melanogenesis (natural stimulation of melanin).

The development of CUV1647 has now progressed to the point where Phase III clinical trials began in 2007.

More than 300 patients treated to date with a good safety profile

* Clinuvel's proprietary name for [Nle4, D-Phe7] ∝-MSH

References

1 R T Dorr, B V Dawson, F Al-obeidi, M E Hadley, N Levine and V J Hrurby 1988 *Toxicologic studies of a super-potent-melanotropin, [Nle4, D-Phe7] ∝-MSH*. Invest. New Drugs 6, 251-258.

2 D Alberts,*Chemoprevention of Human Actinic Keratoses by Topical 2-(Difluoromethyl)-dl-ornithine1*, Cancer Epidemiology, Biomarkers & Prevention, Vol. 9, 1281–1286, December 2000.

3 Abdel Malek, *Melanoma prevention strategy based on using tetrapeptide ∝-MSH analogs that protect human melanocytes from UV-induced DNA damage and cytotoxicity.*

4 T Dwyer et al, *Cutaneous Melanin Density of Caucasians Measured by Spectrophotometry and Risk of Malignant Melanoma, Basal Cell Carcinoma, and Squamous Cell Carcinoma of the Skin*, American Journal of Epidemiology, Vol. 155, No. 7.

CUV1647 Administration

CUV1647 is released from a bioresorbable (fully dissolvable) implant over several days which reaches optimal effect after approximately 4 to 5 days in the human body and maintains elevated eumelanin levels for up to several months.

Much of this delivery mechanism development has been undertaken under contract with US-based partners who specialise in formulation chemistry and process development of controlled release implants.

Further delivery platforms/mechanisms are under investigation.

Dosage

Clinuvel determined the optimal dosage and delivery vehicle for its proprietary photo-protective drug CUV1647 over FY07. Following completion of the pharmacokinetic study in healthy volunteers, Clinuvel has chosen a bioabsorbable*, controlled release** implant with 16 mg loading of CUV1647. This was a significant milestone in our progress.

* Bioabsorbable may be defined as fully degradable in the human body

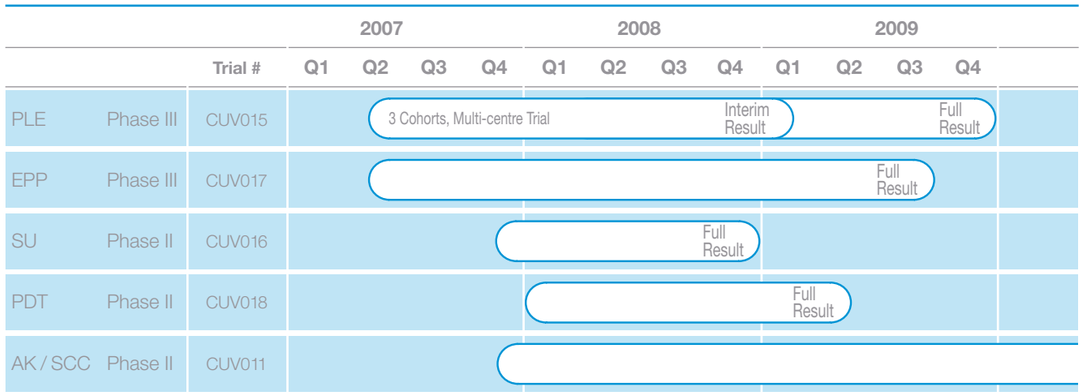
** Controlled release may be defined as a technique or method in which active chemicals or drugs are made available to a specified target at a rate and duration designed to accomplish an intended effect

Clinical Trial Summary 2007

Significant progress along the clinical trial pathway has been made.

Clinuvel has now successfully entered Phase III clinical trials for two indications.

Communicating the signposts



Clinical Trial Summary 2007

Indication	Description	Clinical Trial Status	Interim result anticipated	Final result anticipated
Polymorphic Light Eruption (PLE / PMLE)	Sun poisoning	Phase III trials began May 2007	Q1 2009	Q4 2009
Erythropoietic Protoporphyria (EPP)	Absolute sun intolerance	Phase III trials began June 2007	Q1 2008	Q3 2009
Actinic Keratosis (AK) and Squamous Cell Carcinoma (SCC) in organ transplant patients	Non-melanoma skin cancers / precursor to skin cancers	Phase II trials planned to begin 2007		
Solar Urticaria (SU)	Anaphylactic reaction to the sun	Phase II trials planned to begin in 2007		Q3 2008
Phototoxicity associated with Photodynamic Therapy (PDT)	Photo-sensitivity associated with cancer treatment	Phase II trials planned to begin in 2007		

Financials' Contents

Corporate Governance Statement

Corporate Governance

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

- the Clinuvel 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's values and behaviour underpin the way it does business.

This statement outlines the main corporate governance principles and practices of Clinuvel and is organised under headings based on the Australian Stock Exchange Corporate Governance Council's (ASXCGC) 10 Essential Principles of Good Corporate Governance and Best Practice Recommendations, dated 31 March 2003. The company's charters and policies were comprehensively reviewed and updated in April 2005.

Charters and policies referred to are available on Clinuvel's internet site, www.clinuvel.com

The board is accountable to shareholders for the performance of Clinuvel.

Clinuvel's shareholders appoint the company's directors and hold them accountable for the performance of the company.

Clinuvel has a board of effective composition, size and commitment to discharge its responsibilities and duties (ASXCGC principle 2).

The Clinuvel 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 two non-executive directors and three executive directors – the Managing Director, the Chief Scientific Officer and Executive Chairman. Information about directors is on pages 20 and 21.

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

Directors' independence & dealing with conflict of interest

Of the two non-executive directors, only Mr McLiesh is considered independent of Clinuvel and its management, having no business or other relationships that could compromise his autonomy as a director. Mrs Shanahan is not deemed independent as she is a non-executive Director of a material professional adviser to the company. The board's framework for determining director independence is included in the Board Charter. The impact of any past or present relationship with the company on a director's ability to exercise independent judgment is carefully assessed.

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.

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

Contracts with Directors

Since the previous year, no director has received or become entitled to receive a benefit because of a contract between any company in the Clinuvel consolidated entity and the director, or a firm of which the director is a member, or an entity in which the director has a substantial financial interest, other than:

- in the case of Mr McLiesh, remuneration as disclosed on page 54 (note to the financial statements); and the shareholder approved options grant;
- in the case of Mrs Shanahan, remuneration as disclosed on page 54 (note to the financial statements) and a management fee for services paid to company to which Mrs Shanahan is a director and shareholder;
- in the case of the Managing Director (Dr Wolgen), a contract of employment and the shareholder approved options grant;
- in the case of the Chief Scientific Officer (Dr Agersborg), a contract of employment and the shareholder approved options grant;
- in the case of the Chairman (Dr Aston), an agreement to provide executive consultancy services and the shareholder approved options grant.

Indemnities

A deed has been executed with each Clinuvel director, which indemnifies to the extent permitted by law, against:

- certain liabilities arising out of conduct undertaken in good faith in their capacity as an officer of Clinuvel; and
- the costs and expenses defending legal proceedings arising out of conduct undertaken in their capacity as a current or former Clinuvel officer, unless the defence is unsuccessful.

The company has a similar policy covering all employees.

The company has purchased insurance for directors and officers against certain liabilities they may incur in carrying out their duties for the company.

Board Committees

To increase its effectiveness, the board has two committees, each with a charter approved by the board. The Audit and Risk Committee comprises at least three directors (two voting and one non-voting) and is chaired by Dr Aston. The Remuneration and Nomination Committee consists of all the non-executive directors and is chaired by Mrs Shanahan. The Managing Director attends meetings of board committees by invitation. He is not present if this could compromise the objectivity of proceedings. The membership of these committees, the number of meetings held and each director's attendance record last year is shown on page 22.

Election of Directors

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 skills 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 seeks a combination of executives experienced in finance, the law and, ideally, the pharmaceutical industry in which Clinuvel 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 Chairman commits additional time and meets regularly with the Managing Director to review business and strategic issues and to agree board meeting agendas, over and above his executive duties.

Clinuvel actively encourages enhanced board and management effectiveness (ASXCGC principle 8).

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.

Access to information

Directors receive a comprehensive monthly performance report from the Managing Director whether or not a board meeting is scheduled 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 Chairman, the board on all corporate governance matters.

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 can be found in the Remuneration and Nomination Committee charter on the Clinuvel website.

Continuous disclosure

Clinuvel promotes timely and balanced disclosure of all material matters concerning the company ASXCGC principle 5).

Clinuvel 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 website) 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 Stock Exchange (ASX) of the relevant results. The Managing Director is responsible for communications with ASX.

Commentary on financial results

Clinuvel 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 respects the rights of shareholders and facilitates the effective exercise of those rights (ASXCGC principle 6).

Clinuvel 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 ASX, significant briefings, notices of meetings and speeches at Annual General Meetings are promptly posted on the company's internet site. Shareholders and other interested parties can receive e-mail advices of links to the newly posted annual report and can lodge proxies electronically for the annual general meeting.

Auditor attends the Annual General Meeting

The external audit firm partner in charge of the Clinuvel audit is available to answer shareholder questions at the company's Annual General Meeting. Clinuvel's governance structure is designed to promote profit and growth.

A key part of Clinuvel directors' responsibility is to ensure the enduring operation of an effective corporate governance structure.

The board prescribes the respective roles and responsibilities of the 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.

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.

Letters of appointment

The Managing Director's responsibilities and terms of employment, including termination entitlements, 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.

Clinuvel 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 9).

Clinuvel's policy is to reward executives with a combination of fixed remuneration and short and long-term incentives structured to drive improvements in shareholder value. Details are contained in the Directors' Report. Non-executive directors receive no incentive payments. Employees cannot approve their own remuneration, nor that of their direct subordinates.

Remuneration & Nomination Committee

The Remuneration and Nomination Committee, comprising all non-executive directors is chaired by Mrs Shanahan. 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.

Equity based executive remuneration

Options were issued during the year under the Executive Share Option Plan approved by shareholders in an extraordinary general meeting held 25 January, 2007.

Options issued under the Option Plan, are disclosed on page 26 of this report.

The corporate governance structure sets the way risks are identified and managed.

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

Clinuvel has a structure to independently verify and safeguard the integrity of the company's financial reporting (ASXCGC principle 4).

Audit & Risk Committee

The Audit and Risk Committee is chaired by Dr Aston who is an executive chairman. The other committee members are executive directors. The external audit firm partner in charge of the Clinuvel audit attends committee meetings by invitation.

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

Financial Report Accountability

Clinuvel's process for approval of financial statements has a long standing requirement that authorisations be given by various levels of management. Clinuvel'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.

Clinuvel has a sound system of risk oversight and management and internal control (ASXCGC principle 7).

Clinuvel 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's businesses to identify and quantify business risks. Risk management is a key element of Clinuvel'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'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 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

Manages and reports to the board on business and financial risks and compliance with other legal obligations.

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

Risk management 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 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 (available on the company's internet site) that formalises the long standing obligation of all Clinuvel people including directors to behave ethically, act within the law, avoid conflicts of interest and act honestly in all business activities.

Trading in shares

Directors' shareholdings at 30 June 2007 are shown on page 28. The company has a strict share trading policy in place, details of which are included in the Corporate Governance Policy available on the company's internet site. Directors and employees may only buy or sell Clinuvel shares during specified periods. Also, they are prohibited from buying or selling Clinuvel shares at any time if they are aware of any price sensitive information that has not been made public. All Clinuvel share dealings by directors are promptly notified to ASX.

Clinuvel recognises its legal and other obligations to all legitimate stakeholders (ASXCGC principle 10).

Clinuvel'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 person is required to respect and abide by the company's obligations to fellow employees, shareholders, customers, suppliers and communities in which we operate.

Corporate Governance and Disclosure

Clinuvel considers that the above corporate governance practices comply with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations, taking into account the size and nature of the company.

Directors' Report

The directors of the Board present their report on the company and its controlled entities for the financial year ended 30 June 2007 and the Independent Audit Report thereon.

Directors and Executives

The names of directors in office at any time during or since the end of the year are set out below.

Dr R Aston
Executive Chairman

Dr H P K Agersborg
Deputy Chairman, Chief Scientific Officer

Mr S R McLiesh
Non-Executive

Dr W A Millen
Non-Executive (Resigned 27 November 2006)

Mrs B M Shanahan
Non-Executive
(Joined company 6 February 2007)

Dr T E Winters
Executive (Resigned 1 June 2007)

Dr P J Wolgen
Managing Director, Chief Executive Officer

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

The names of the specified executives in office at any time during or since the end of the year are set out below.

Mr D M Keamy
Chief Financial Officer

Dr D J Wright
VP – Clinical Development & Regulatory Affairs

Information on Directors

Dr Roger Aston
Executive Chairman, Chairman of the Audit and Risk Committee
BSc (Hons) PhD

Joining the Board in 2005, Dr Aston has over 20 years experience in the pharmaceutical and biotechnology sector. In the past 3 years, Dr Aston has held directorships in pSivida Ltd (ASX:PSD), Avantogen Ltd (ASX:ACT) and is founding Chairman and current CEO of Halcygen Pharmaceuticals Ltd (ASX:HGN). Dr Aston was recently appointed a member of the Biological Committee of the Industry Research and Development Board.

Dr Helmer P K Agersborg
Executive Director, Chief Scientific Officer
BSc PhD

Director of Clinuvel since inception of the company, Dr Agersborg has 45 years experience in the pharmaceutical industry and has been involved in the approval of 50 drug applications with the FDA. Director of MelanoTan Corp and Virxsys Corporation, both pharmaceutical companies. Dr Agersborg is a member of the Audit Committee and Chair of the Scientific Committee.

Mr Stanley R McLiesh
Non-Executive Director, Chair of the Remuneration and Nomination Committee
BEd

Formerly General Manager, Pharmaceuticals at CSL Ltd, and non-executive Director of Unilife Medical Solutions Ltd (ASX:UNI), Mr McLiesh was closely involved in the transition of CSL from government ownership to a successful listed company. Director since 2002.

Dr Wayne A Millen
Non-Executive Director
(Resigned 27 November 2006)
BSc(Hons) PhD FRACI C CHEM
FAus IMM AFAIM

Chartered Chemist, founding Managing Director of Clinuvel. Within the past 3 years Dr Millen held the position of Chairman for EQiTX Ltd (ASX:EQX) and is currently a consultant to Pharmabank Pty Ltd.

Mrs Brenda M Shanahan
Non-Executive Director
(Appointed 6 February 2007)
B Ec B Com

Chair of both St Vincent's Health and St Vincent's Medical Research Institute in Melbourne, Mrs Shanahan has a background in finance in Australian and overseas equity markets. In the past 3 years Mrs Shanahan has held a directorship in Challenger Financial Services Group Ltd (ASX:CGF). She is currently a member of the Remuneration and Nomination Committee.

Dr Terry E Winters
Non-Executive Director
(Resigned 1 June 2007)
BSc PhD

Director of Clinuvel since company formation. Director of private US based companies and Special Ltd Partner of Valley Ventures, a $60 million venture capital fund based in Scottsdale, Arizona.

Dr Philippe J Wolgen
Managing Director and Chief Executive Officer
MBA MD

Cranio-facial surgeon, Dr Wolgen joined the Board in 2005. Dr Wolgen leverages his background in European capital markets, in international finance and equity research in the life sciences field. The past decade, he has been involved in bringing medical devices and generic pharmaceuticals to market, and holds extensive knowledge in operating medical centres. Non-voting member of the Audit and Risk committee and the Remuneration and Nomination committee.

Meeting of Directors

The table below summarises the number of and attendance at all meetings of directors during the financial year.

Director	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
Dr R Aston	9	9	2	2	-	-
Dr H P K Agersborg	9	9	-	-	-	-
Mr S R McLiesh	9	8	1	1	6	6
Dr W A Millen	5	5	-	-	2	2
Mrs B M Shanahan	2	1	-	-	-	-
Dr T E Winters	9	9	1	1	4	4
Dr P J Wolgen	9	9	2	1	-	-

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.

Information on Company Secretary

Mr Darren M. Keamy
Company Secretary and Chief Financial Officer
BComm CPA

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

Principal Activities

The principal activities of the consolidated entity during the financial year was to develop its leading drug candidate CUV1647 (photo-protective agent) for a range of UV and light related skin disorders.

Clinuvel's pioneering work aims at preventing the symptoms of skin diseases related to the exposure to harmful UV radiation. There was no significant change in the nature of activities during the financial year, other than the divestment of EpiPharm Pty Ltd, the subsidiary responsible for the marketing and distribution of pharmaceutical dermatology products.

Operating Results

The consolidated loss of the consolidated entity after providing for income tax amounted to $9,176,123 (2006 – loss of $10,768,981).

Dividends Paid or Recommended

No dividends were paid or declared during the financial year.

Review of Operations

A review of operations is set out in the Managing Director's Report, commencing on page 4 of this Annual Report.

Financial Highlights of the Year

At the beginning of the year the consolidated entity's cash resources totalled $8,605,814.

During the year a total of $60,023,859 was raised from the issue of ordinary shares (net of $1,768,669 in issue expenses).

Expenditures on the consolidated entity's key CUV1647 drug development program totalled $4,469,391 that were non-capital expenses in nature and included payments for drug supply, development of delivery formulations (principally the sustained release implant) and clinical trials conducted in Australia and Europe. Expensing of the peptide is deferred until used in the clinical trial program, these costs are retained in the balance sheet and amount to $1,780,581.

At the end of the year, the consolidated entity's cash resources totalled $33,841,849.

Basic earnings per share was -$0.037 per share (2006: -$0.067)

A full commentary of the results is attached.

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 Clinuvel.

Significant Events after the Balance Date

There has not been any matters, 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, except that:

– On 19 July 2007 Clinuvel announced that it had determined the optimal dosage and delivery vehicle for its proprietary photo-protective drug CUV1647, being a bioabsorbable, controlled release implant with 16 mg loading of CUV1647.

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.

Directors' and Officers' Emoluments

The table on the following page discloses the remuneration of the directors of the company.

Directors' and Officers' Emoluments

	Short-Term Employment Benefits			Post-Employment Benefits		Share Based Payments	
Director	Salary	Cash Bonus	Non-Monetary Benefits	Superannuation Contribution	Other	Options	Total
	$	$	$	$	$	$	$
Dr R Aston*	-	-	-	-	165,404	90,147	255,551
Dr H P K Agersborg	298,129	-	-	-	-	47,590	345,719
Mr S R McLiesh	45,872	-	-	4,128	-	19,874	69,874
Dr W A Millen	19,113	-	-	1,720	100,000	-	120,833
Mrs B M Shanahan	18,349	-	-	1,651	-	14,367	34,367
Dr T E Winters	75,000	50,325	-	-	33,333	24,398	183,056
Dr P J Wolgen	383,333	252,391	49,410	12,686	-	211,925	909,745
Total	**839,796**	**302,716**	**49,410**	**20,185**	**298,737**	**408,301**	**1,919,145**

* Dr Aston provides executive consultancy services to the company in his capacity as Executive Chairman. In doing so he forgoes non-executive director fees for 2006/07. See the Related Parties note of this Annual Report.

The Remuneration of the Specified Executives of the Company

	Short-Term Employment Benefits			Post-Employment Benefits		Share Based Payments	
Director	Salary	Cash Bonus	Non-Monetary Benefits	Superannuation Contribution	Other	Options	Total
	$	$	$	$	$	$	$
Mr D M Keamy	116,415	15,000	-	10,431	-	14,710	156,555
Dr D J Wright	137,151	4,180	-	12,198	-	85,364	238,893
Total	**253,566**	**19,180**	**-**	**22,629**	**-**	**100,074**	**395,448**

Elements of Director and Executive Remuneration

Remuneration packages contain the following key elements:

a) Primary benefits – salary/fees, bonuses and non monetary benefits such as rent assistance and health benefits.

b) Post-employment benefits – superannuation.

c) Equity – share options granted under the executive share option plan as disclosed in financial statements; and

d) Other benefits.

Further information on the consolidated entity's remuneration policy is included in Note 19 to the financial statements.

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.

Employees

The consolidated entity employed 16 employees as at 30 June 2007 (2006: 19 employees).

Directors' Benefits and Interest in Contracts

Since the end of the previous financial year other than a contract for consultancy work between the company, Dr Millen and Bellou Management Pty Ltd along with Dr Aston and Newtonmore Biosciences Pty Ltd, and a commission paid to JM Financial Group (engaged in the Private Placement in Australia in May 2007) of which Mrs Shanahan is a director, 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), 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 Clinuvel, or a controlled entity.

Further information on these contracts is included in Note 21 to the financial statements.

Share options granted to Directors and Executives of the Company

Directors & Executives	Number of Options Granted	Issuing Entity	Number of Ordinary Shares under Option
Dr R Aston	2,000,000	Clinuvel Pharmaceuticals	2,000,000
Dr H P K Agersborg	2,500,000	Clinuvel Pharmaceuticals	2,500,000
Mr S R McLiesh	850,000	Clinuvel Pharmaceuticals	850,000
Mrs B M Shanahan	850,000	Clinuvel Pharmaceuticals	850,000
Dr T E Winters	2,000,000	Clinuvel Pharmaceuticals	2,000,000
Dr P J Wolgen	9,000,000	Clinuvel Pharmaceuticals	9,000,000
Mr D M Keamy	800,000	Clinuvel Pharmaceuticals	800,000
Dr D J Wright	1,300,000	Clinuvel Pharmaceuticals	1,300,000

Details of Unissued Shares or Interests under Option

Entity	Number of Shares under Option	Exercise Price $	Class	Expiry Date
Clinuvel Pharmaceuticals	6,667,362	1.03	Ordinary	13 Aug 2007
Clinuvel Pharmaceuticals	2,600,000	1.08	Ordinary	17 Dec 2007
Clinuvel Pharmaceuticals	750,000	0.74	Ordinary	31 Dec 2007
Clinuvel Pharmaceuticals	1,500,000	0.50	Ordinary	31 Dec 2007
Clinuvel Pharmaceuticals	86,660	0.90	Ordinary	31 Dec 2007
Clinuvel Pharmaceuticals	125,000	0.66	Ordinary	1 Jan 2008
Clinuvel Pharmaceuticals	500,000	0.16	Ordinary	2 Feb 2008
Clinuvel Pharmaceuticals	500,000	0.29	Ordinary	13 Jun 2008
Clinuvel Pharmaceuticals	300,000	0.87	Ordinary	18 Apr 2009
Clinuvel Pharmaceuticals	1,500,000	0.34	Ordinary	01 Nov 2009
Clinuvel Pharmaceuticals	500,000	0.75	Ordinary	2 Feb 2010
Clinuvel Pharmaceuticals	19,210,000	0.86	Ordinary	9 Feb 2012

Details of Shares issued during the Financial Year as a result of Exercise of Options

Entity	Number of Shares Issued	Amount paid for Shares $	Class
Clinuvel Pharmaceuticals	800,000	0.10	Ordinary
Clinuvel Pharmaceuticals	125,000	0.66	Ordinary

Unissued Ordinary Shares of the Company under Option, as at 30 June 2007
Value of Options issued to Directors and Executives

Director	Options Granted Value at Grant Date	Options Exercised Value at Exercise Date	Options Lapsed Value at Lapse Date	Total Value of Options Granted Exercised, Lapsed [1]	Value of Options included in Remuneration for 2006/07 [2]	% of Remuneration that is options
	$	$	$	$	$	%
Dr R Aston	437,236	-	-	437,236	90,147	35.28
Dr H P K Agersborg	546,313	-	-	546,313	47,590	13.77
Mr S R McLiesh	187,375	-	-	187,375	19,874	28.44
Mrs B M Shanahan	186,062	-	-	186,062	14,367	41.81
Dr T E Winters	437,276	-	191,315	245,961	24,398	13.33
Dr P J Wolgen	1,921,051	-	-	1,921,051	211,925	23.29
Mr D M Keamy	190,496	-	-	190,496	14,710	9.4
Mr D J Wright	307,332	-	-	307,332	85,364	35.73

(1) The total value of options granted, exercised and lapsed is calculated based on the following:

- Fair value of the options at grant date multiplied by the number of options granted during the year; plus
- Fair value of the option at the time it is exercised multiplied by the number of options exercised during the year; plus
- Fair value of the option at the time of lapse multiplied by the number of options lapsed during the year.

(2) The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 2 'Share Based Payments'. This requires the following:

- The value of the options is determined at grant date, and is included in remuneration on a proportionate basis from grant date to vesting date. Where the options immediately vest the full value of the option is recognized in remuneration in the current year.

During the year ended 30 June 2007, 925,000 shares were issued as a result of the exercise of unlisted options.

Directors and Executives Shareholdings

The following table sets out each director's relevant interest in shares and options in shares in the company as at 30 June 2007.

	Ordinary Shares fully Paid		Options over Ordinary Shares	
	2007	2006	2007	2006
Director	**Number**	**Number**	**Number**	**Number**
Dr R Aston	108,224	75,757	2,750,000	750,000
Dr H P K Agersborg	921,105	921,105	2,750,000	250,000
Mr S R McLiesh	760,000	750,000	1,100,000	250,000
Mrs B M Shanahan	420,071	-	850,000	0
Dr P J Wolgen	-	-	11,250,000	2,250,000
Special Executives				
Mr D M Keamy	-	-	800,000	0
Mr D J Wright	-	-	1,800,000	500,000

Auditor's Independence Declaration

The auditor's independence declaration is included in the Financial 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 J Wolgen
Director

Dated this 7th day of September, 2007

Consolidated Income Statement for the year ended 30 June 2007

		Consolidated		Clinuvel Pharmaceuticals Ltd	
		2007	2006	2007	2006
	Note	$	$	$	$
Revenues	2	2,553,901	1,201,802	2,237,822	446,956
Total expenses	2	(11,730,024)	(11,970,783)	(11,410,952)	(11,215,937)
Profit (Loss) before income tax expense		(9,176,123)	(10,768,981)	(9,173,130)	(10,768,981)
Income tax expense (benefit)	3	-	-	-	-
Profit (Loss) after income tax expense		(9,176,123)	(10,768,981)	(9,173,130)	(10,768,981)
Net Profit(Loss) for the year		(9,176,123)	(10,768,981)	(9,173,130)	(10,768,981)
Basic earnings per share – cents per share	17	(3.7)	(6.7)		

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet as at 30 June 2007

		Consolidated		Clinuvel Pharmaceuticals Ltd	
		2007	2006	2007	2006
	Note	$	$	$	$
Current Assets					
Cash and cash equivalents	18(a)	33,841,849	8,605,814	33,685,891	8,530,259
Inventory	6	0	579,917	0	-
Other Financial Assets	9	28,511,650	2,024,000	28,511,650	2,024,000
Receivables	4	241,493	233,224	239,621	94,742
Other	5	2,721,627	2,473,838	2,713,557	2,415,439
Total Current Assets		**65,316,619**	**13,916,793**	**65,150,719**	**13,064,440**
Non Current Assets					
Receivables	4	-	-	2,244,415	3,043,518
Property, plant and equipment	7	332,015	222,243	316,094	222,243
Intangible assets	8	2,176,111	2,931,823	55,199	63,614
Other financial assets	9	-	-	172	172
Total Non Current Assets		**2,508,126**	**3,154,066**	**2,615,880**	**3,329,547**
Total Assets		**67,824,745**	**17,070,859**	**67,766,599**	**16,393,987**
Current Liabilities					
Payables	11	2,315,298	2,993,323	2,262,079	2,355,262
Provisions	12	112,890	73,433	111,126	41,599
Total Current Liabilities		**2,428,188**	**3,066,756**	**2,373,205**	**2,396,861**
Non Current Liabilities					
Provisions	12	4,741	15,271	4,741	8,122
Total Non Current Liabilities		**4,741**	**15,271**	**4,741**	**8,122**
Total Liabilities		**2,432,929**	**3,082,027**	**2,377,946**	**2,404,983**
Net Assets		**65,391,816**	**13,988,832**	**65,388,653**	**13,989,004**
Equity					
Contributed Equity	13	112,813,470	52,726,007	112,813,470	52,726,007
Reserves	14	1,644,837	1,153,193	1,638,509	1,153,193
Accumulated losses	15	(49,066,491)	(39,890,368)	(49,063,326)	(39,890,196)
Total Equity		**65,391,816**	**13,988,832**	**65,388,653**	**13,989,004**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows as at 30 June 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Clinuvel Pharmaceuticals Ltd 2007 $	Clinuvel Pharmaceuticals Ltd 2006 $
Cash Flows from Operating Activities					
Refund from ATO		375,282	481,124	379,131	350,861
Receipt from Customers		407,826	751,387	-	-
Interest received		2,006,309	448,766	2,005,612	448,766
Payments to suppliers and employees		(10,968,231)	(13,084,734)	(9,793,039)	(10,423,561)
Net Cash provided by (used in) Operating Activities	18(b)	**(8,178,814)**	**(11,403,457)**	**(7,408,296)**	**(9,623,934)**
Cash Flows from Investing Activities					
Payments for property, plant and equipment		(181,108)	(27,055)	(164,121)	(27,055)
Payments for investment securities		(26,484,370)	(1,994,000)	(26,484,370)	(1,994,000)
Payments for trademarks		-	-	-	-
Payments for patents		-	-	-	-
Payments for product distribution rights		(259,390)	(335,551)	-	-
Funds received for transfer of product distribution rights		450,000	-	-	-
Net Cash provided by (used in) Investing Activities		**(26,474,868)**	**(2,356,606)**	**(26,648,491)**	**(2,021,055)**
Cash Flows from Financing Activities					
Loans to related parties		-	-	(677,301)	(2,007,981)
Proceeds from issue of ordinary shares		61,792,528	18,260,627	61,792,528	18,260,627
Payment of share issue costs		(1,768,669)	(657,370)	(1,768,669)	(657,370)
Net cash provided by (used in) Financing Activities		**60,023,859**	**17,603,257**	**59,346,558**	**15,595,276**
Net increase/(decrease) in Cash Held		**25,370,177**	**3,843,194**	**25,289,774**	**3,950,287**
Cash at beginning of the year		**8,605,814**	**4,762,620**	**8,530,259**	**4,579,972**
Effects of Exchange Rate changes on foreign currency held		(134,142)	-	(134,142)	-
Cash at End of the Year	18(a)	**33,841,849**	**8,605,814**	**33,685,891**	**8,530,259**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2007

		Consolidated	
		2007	2006
	Note	$	$
Retained Earnings			
Retained earnings at the beginning of period		(39,890,368)	(29,151,387)
Impact of initial adoption of AASB139 Financial Instruments: Recognition and Measurement		-	30,000
Net profit/(loss) attributable to members of Clinuvel		(9,176,123)	(10,768,981)
Retained Earnings at the End of Period		**(49,066,491)**	**(39,890,368)**
Reserves			
Reserves at the beginning of period		1,153,193	1,482,900
Exchange difference on translating foreign operations		6,328	-
Movement in share option reserve		485,316	(329,707)
Reserves at the End of Period		**1,644,837**	**1,153,193**
Share Capital			
Share capital at the beginning of period		52,726,007	35,122,749
184,979,305 fully paid shares (1 July 2005: 128,549,085)			
Issue of shares via investor share purchase plan		403,916	1,416,000
Issue of shares through institutional placement		30,696,904	16,319,627
Issue of shares via rights issue		30,529,834	-
Share options exercised and value of exercised options transferred from Share Option Reserve		225,458	525,000
Capital raising costs		(1,768,649)	(657,370)
Share Capital at the End of Period 302,148,665 Fully Paid Shares		**112,813,470**	**52,726,007**

Notes to and forming part of the Financial Statements for the year ended 30 June 2007

1 Summary of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('A-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 Non Current 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.

The financial statements were authorised for issue by the directors on 24 August 2007.

The following is a summary of the significant accounting policies adopted by the consolidated entity in the preparation of the financial report.

a) Basis of Accounting

The financial report has been prepared in accordance with the historical cost convention.

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 A-IFRS, management must make judgement 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 factors 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 any difficulty in raising additional capital in the future.

The entity has elected to early adopt all accounting standards except AASB 7 Financial Instruments Disclosures and AASB 8 Operating Segments. There is no impact on the financial performance and position of the entity.

b) 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 contained further to the Note 10 of the Financial Statements.

c) 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 in 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 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 income statement, 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 excess.

d) Inventories

Inventories are valued at the lower of cost or net realisable value. Variable costs are assigned to inventory on hand at an average cost basis. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

e) 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.

f) 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 assets 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	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 income statement.

g) Investments in Floating Rate Notes and Managed Funds

Floating rate notes and investments in managed funds held by the consolidated entity are classified as being held for trading and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the income statement, until the investment is disposed of or is determined to be impaired.

h) 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.

At 30 June 2007 Clinuvel has yet to demonstrate the satisfaction of all the above criteria to recognise and internally generate an intangible asset from its development activities.

i) 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.

i) Sub-licence

The sub-licence to develop and commercialise Melanotan 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 success.

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

ii) Amortisation of Sub-licence

The sub-licence to develop and commercialise Melanotan is amortised on a straight-line basis over 10 years. The directors have assessed this to be the period over which the future consolidated benefits of the sub-licence are expected to be realised. The period approximates the remaining life and likely extensions of the patents subject to the sub-licence.

j) 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 but remain unpaid.

k) 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.

l) Directors' Remuneration

Share Based Payments

Under AASB 2 Share Based Payments, the consolidated entity must determine the fair value of options issued to employees as remuneration and recognise an expense in the Income Statement. This standard is not Ltd to options and 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. 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 2007 the fair value options 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 2006/07 year $548,917 was recognised as an employment benefit expense and 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.

Further information can be found in note 19 to the financial statements.

m) 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.

n) 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.

o) Earnings Per Share

i) 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.

ii) 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.

p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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 cash flow statement 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.

q) 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 profit or less 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 profit or loss immediately.

r) 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.

s) Comparatives

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

t) 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.

u) Other Current Assets

Other current assets comprise pre-payments of drug peptide yet to be used in Clinuvel trial program, pre-payments for feasibility study costs for drug delivery systems and pre-payments for clinical trial insurances yet to expire, along with other general pre-payments. The expenditures represent an unused expense and therefore a decrease in future economic benefit has yet to be incurred.

v) 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.

2 Profit/(Loss) from Continuing Operations

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
a) Revenues from ordinary activities				
Interest revenue – other persons	2,238,876	446,956	2,237,822	446,956
Sales revenue	283,308	754,846	-	-
Gain on disposal of EpiPharm Pty Ltd assets after providing for impairment 30 June 2006	31,717	-	-	-
Total revenues	**2,553,901**	**1,201,802**	**2,237,822**	**446,956**
b) Expenses from ordinary activities				
Clinical development costs	990,218	746,677	990,218	746,677
Drug delivery research costs	2,263,413	1,859,390	2,263,413	1,859,390
Toxicity Studies	464,610	491,723	464,610	491,723
R & D Overheads	751,150	667,245	693,304	667,245
Sales & Marketing costs	419,821	1,079,743	-	-
Business Marketing & Listing	1,235,658	975,423	1,198,825	975,423
Licenses Patents and Trademarks	957,166	1,009,053	209,868	120,811
General Operations (incl. Board)	4,527,155	3,912,914	4,114,310	2,712,990
Doubtful Debt Provision	-	-	1,476,404	3,641,678
Impairment Loss	120,833	1,228,615	-	-
Total expenses from ordinary activities	**11,730,024**	**11,970,783**	**11,410,952**	**11,215,937**
c) Profit/(loss) from ordinary activities before income tax has been determined after charging:				
Depreciation	68,301	48,560	67,235	48,560
Amortisation of sub-licence	747,298	747,298	-	-
Amortisation of trademarks	8,414	9,200	8,414	9,200
Amortisation of product distribution rights	81,174	109,615	-	-
Research & development costs	3,253,631	3,765,035	3,253,631	3,765,035
Doubtful debts – wholly owned subsidiary	-	-	1,476,404	3,641,678
Loss on sale of property, plant and equipment	(373)	15,114	(373)	15,114
Operating lease expense – minimum lease payments	797,120	345,585	421,227	340,847
Impairment Loss – EpiPharm Pty Ltd	120,833	1,228,615	-	-

3 Income tax Expense

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
a) The prima facie tax on profit(loss) from ordinary activities before income tax 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% (2006: 30%)	(2,752,837)	(3,230,694)	(2,751,939)	(3,230,694)
Add:				
Tax effect of				
– non deductible amortisation	11,274	35,645	2,524	2,760
– non deductible shareholder admin	(7,700)	-	(7,700)	-
– capital raising costs	(530,594)	(197,210)	(530,594)	(197,210)
– non deductible legal fees	(675)	-	-	-
– Impairment Loss	36,250	368,585	-	-
– Share Based payments	145,595	(98,912)	145,595	(98,912)
– research and development deduction	(244,022)	(282,378)	(244,022)	(282,378)
– (Over)/under provision of income tax in previous years	(645,084)	-	(645,084)	-
Deferred Tax Assets not brought to account	**3,987,793**	**3,404,865**	**4,031,221**	**3,806,434**
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	14,880,457	10,933,905	14,152,116	10,148,256
Net temporary differences	1,172,647	1,132,303	1,599,733	1,572,371
	16,053,104	12,066,208	15,751,849	11,720,627

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 Receivables

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
Current				
Trade debtors	1,535	136,928	-	16,456
Accrued income	188,244	16,760	188,244	16,760
Sundry debtors	51,714	79,536	51,377	61,526
Total Current	**241,493**	**233,224**	**239,621**	**94,742**
Non Current				
Receivable from wholly owned entity				
– Melanotan (Australia) Pty Ltd	-	-	8,011,231	8,011,231
– Provision for non-recovery	-	-	(5,890,320)	(5,143,022)
			2,120,911	**2,868,209**
– EpiPharm Pty Ltd	-	-	4,343,613	4,095,012
– Provision for non-recovery	-	-	(4,343,613)	(3,919,703)
	-	**-**	**-**	**175,309**
– Clinuvel, Inc	-	-	428,700	-
– Provision for Non-Recovery (Clinuvel, Inc)	-	-	(305,197)	-
	-	-	123,503	-
Total Non Current	**-**	**-**	**2,244,415**	**3,043,518**

The average collection period on sales of goods is 60 days. No interest is charged on trade receivables.

The Group has recognised a loss of $1,476,404 (2006: $3,641,678) in respect of impaired related party receivables. This loss has been included in operating expenses in the income statement.

5 Other Assets

Current				
Prepayments				
– Peptide	1,780,581	2,078,140	1,780,581	2,078,140
– Other	941,046	355,698	932,976	337,299
Bonds & deposits	-	40,000	-	-
	2,721,627	**2,473,838**	**2,713,557**	**2,415,439**

6 Inventory

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
Inventory of Stock	-	604,902	-	-
Less: Impairment of Inventory	-	(24,985)	-	-
	-	**579,917**	**-**	**-**

Write-downs of inventory to net realisable value recognised as an expense during the year amounted to Nil (2006: Nil).

7 Property, Plant & Equipment

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
Plant & equipment				
At cost	544,739	379,871	540,335	379,871
Less: Accumulated depreciation	(241,282)	(178,011)	(240,843)	(178,011)
	303,457	**201,860**	**299,492**	**201,860**
Furniture & Fittings				
At cost	57,858	45,275	42,275	45,275
Less: Accumulated depreciation	(29,300)	(24,892)	(28,673)	(24,892)
	28,558	**20,383**	**16,602**	**20,383**
Total Property, plant and equipment	**332,015**	**222,243**	**316,094**	**222,243**

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 and Parent Entity			
– Carrying amount at 1 July 2005	233,415	15,447	248,862
– Additions	19,124	7,931	27,055
– Disposals	(15,114)	-	(15,114)
– Depreciation written back on disposal	9,999	-	9,999
– Depreciation expense	(45,564)	(2,996)	(48,560)
– Carrying amount at 1 July 2006	201,860	20,382	222,242
– Additions	168,152	12,583	180,735
– Disposals	(3,284)	(3,781)	(7,065)
– Depreciation written back on disposal	623	-	623
– Depreciations expense	(63,894)	(627)	(64,521)
– Carrying amount at 30 June 2007	303,457	28,558	332,015

8 Intangible Assets

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
Sub-licence to develop and commercialise CUV1647				
At cost	7,472,983	7,472,983	-	-
Less: Accumulated amortisation	(5,352,072)	(4,604,774)	-	-
	2,120,911	**2,868,209**	**-**	**-**
Trademarks				
At cost	68,281	68,281	68,281	68,281
Less: Accumulated amortisation of Trademarks	(27,312)	(21,270)	(27,312)	(21,270)
Patents				
At cost	23,718	23,718	23,718	23,718
Less: Accumulated amortisation of Patents	(9,487)	(7,115)	(9,487)	(7,115)
	55,200	63,614	55,200	63,614
Product Distribution Rights				
At cost	150,000	1,340,745	-	-
Less: Accumulated amortisation	(29,167)	(137,115)	-	-
Less: Impairment of Intangibles	(120,833)	(1,203,630)	-	-
Total Sub-licence, Trademarks, Patents, Product Distribution Rights	**2,176,111**	**2,931,823**	**55,200**	**63,614**

Movements in Carrying Amounts – Intangible Assets

	Sub-Licence	Trademarks and Patents	Product Distribution Rights	Total
	$	$	$	$
Consolidated Entity				
– Carrying amount at 1 July 2005	3,615,507	72,814	872,953	4,561,274
– Additions	-	-	440,292	440,292
– Impairment charged to profit	-	-	(1,203,630)	(1,203,630)
– Amortisation expense	(747,298)	(9,200)	(109,615)	(866,113)
– Carrying amount at 1 July 2006	2,868,209	63,614	-	2,931,823
– Additions	-	-	150,000	150,000
– Impairment charged to profit	-	-	(120,833)	(120,833)
– Amortisation expense	(747,298)	(8,414)	(29,166)	(784,878)
– Carrying amount at 30 June 2007	2,120,911	55,200	-	2,176,111

8 Intangible Assets (continued)

	Sub-Licence	Trademarks and Patents	Product Distribution Rights	Total
	$	$	$	$
Parent Entity				
– Carrying amount at 1 July 2005	-	72,814	-	72,814
– Additions	-	-	-	-
– Impairment charged to profit	-	-	-	-
– Amortisation expense	-	(9,200)	-	(9,200)
– Carrying amount at 1 July 2006	-	63,614	-	63,614
– Additions	-	-	-	-
– Impairment charged to profit	-	-	-	-
– Amortisation expense	-	(8,414)	-	(8,414)
– Carrying amount at 30 June 2007	-	55,200	-	55,200

Amortisation expense is included in the line item 'Total expenses' in the Consolidated Income Statement.

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

9 Other Financial Assets

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
Current				
Investments comprise				
– Income Securities (at fair value)*	28,511,650	2,024,000	28,511,650	2,024,000
Non Current				
Shares in unlisted controlled entities at cost	-	-	172	172

* The consolidated entity holds listed perpetual floating rate notes (income securities) returning 0.75% - 1.75% above the 90 day bank bill rate with interest paid out quarterly, senior debt securities returning 0.25% to 0.30%, above the 90 day bank bill rate with interest paid out quarterly, and an investment in a global hybrid managed fund aiming to return 1.75%-2.50%pa above its benchmark of 50% UBSA Bank Bill Index + 50% UBSA Composite Bond Index.

10 Interest in Subsidaries

Name of Entity	Country of Incorporation	Ownership Interest	
		2007	2006
Parent Entity			
Clinuvel Pharmaceuticals Ltd	Australia	-	-
Controlled Entities			
Melanotan (Australia) Pty Ltd	Australia	100%	100%
EpiPharm Pty Ltd	Australia	100%	100%
EpiPharm (NZ) Ltd	New Zealand	100%	100%
Clinuvel (UK) Ltd	United Kingdom	100%	100%
Clinuvel, Inc	United States	100%	N/A

11 Payables

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
Current				
Trade creditors	1,597,428	2,535,195	1,571,024	2,031,228
Sundry creditors and accrued expenses	717,870	458,128	691,055	324,034
	2,315,298	**2,993,323**	**2,262,079**	**2,355,262**
a) Aggregate amounts payable to:				
– Directors and director-related entities	6,705	6,061	6,705	6,061
b) Australian dollar equivalents of amounts payable in foreign currencies not effectively hedged and included in Trade Creditors:				
– US dollars	-	456,996	-	184, 775
– Euro	-	1,264,116	-	1,264,116
– British Pounds	28,151	136,028	28,151	136,028
– Other	525	122	525	122
	28,676	1,857,262	28,676	1,585,042

c) Terms and Conditions

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

12 Provisions

Current				
Employee benefits	112,890	73,433	111,126	41,599
Non Current				
Employee benefits	4,741	15,271	4,741	8,122

13 Contributed Equity

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
a) Issued and paid up capital fully paid ordinary shares 302,148,665 ordinary shares (2006: 184,979,305)	112,813,470	52,726,007	112,813,470	52,726,007

	2007 – Clinuvel Pharmaceuticals Ltd		2006 – Clinuvel Pharmaceuticals Ltd	
	Number	$	Number	$
b) Movements in ordinary share capital:				
At the beginning of the financial year	184,979,305	52,726,007	128,549,085	35,122,749
Issued during the year		-		
– options exercised and valuation transferred from Share Option Reserve	925,000	225,479	1,750,000	525,000
– rights issue	79,298,274	30,529,836	-	-
– share purchase plan	377,492	403,916	-	-
– private placement	36,568,594	30,696,901	54,680,220	17,735,628
Less: transaction costs	-	(1,768,669)	-	(657,370)
Balance at the end of the financial year	**302,148,665**	**112,813,470**	**184,979,305**	**52,726,007**

c) Share Options

As at 30 June 2007 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
13 August 2007	1.03/share	6,667,362
17 December 2007	1.08/share	2,600,000
31 December 2007	0.50/share	1,500,000
31 December 2007	0.90/share	86,660
31 December 2007	0.74/share	750,000
01 January 2008	0.66/share	125,000
02 February 2008	0.16/share	500,000
13 June 2008	0.29/share	500,000
18 April 2009	0.87/share	300,000
1 November 2009	0.34/share	1,500,000
28 February 2010	0.75/share	500,000
9 February 2012	0.86/share	19,210,000
	Total	**34,239,022**

During the year, the following share options were issued which if exercised, would result in the issue of fully paid ordinary shares.

9 February 2012	0.86/share	20,010,000
	Total	**20,010,000**

During the year, the following share options issued in prior years were exercised, resulting in the issue of fully paid shares.

22 October 2006	0.10/share	800,000
1 January 2008	0.66/share	125,000
	Total	**925,000**

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.

14 Reserves

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
Share Option Reserve:	1,638,509	1,153,193	1,638,509	1,153,193
Balance at the beginning of period	1,153,193	1,482,900	1,153,193	1,482,900
Share based payment	563,693	409,549	563,693	409,549
Transfer to share capital	(63,604)	(86,493)	(63,604)	(86,493)
Lapsed Options	(14,773)	(652,763)	(14,773)	(652,763)
Reserves at the end of period	**1,638,509**	**1,153,193**	**1,638,509**	**1,153,193**

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.

Foreign Currency Translation Reserve:				
Balance at the beginning of period	-	-	-	-
Translating foreign subsidiary to current rate at Balance Date	6,328	-	-	-
Balance at the end of period	6,328	-	-	-

15 Accumulated Losses

Accumulated losses at the beginning of the year	(39,890,368)	(29,151,387)	(39,890,196)	(29,151,215)
Impact of initial adoption of AASB139 Financial Instruments: Recognition and Measurement	-	30,000	-	30,000
Net loss attributable to the members of Clinuvel	(9,176,123)	(10,768,981)	(9,173,130)	(10,768,981)
Accumulated losses at the end of the financial year	(49,066,491)	(39,890,368)	(49,063,326)	(39,890,196)

16 Lease Commitments

Operating Lease commitments

Non-cancellable operating leases

Contracted for but not capitalised in the accounts:

Payable				
– not later than 1 year	358,133	524,891	261,309	303,704
– later than 1 year but not later than 5 years	661,955	271,259	596,510	47,703
	1,020,088	**796,150**	**857,819**	**351,407**

17 Earnings Per Share (EPS)

	Consolidated	
	2007	2006
	$	$
a) Basic earnings per share – cents per share	(3.7)	(6.7)
b) The Weighted Average Number of Ordinary Shares (WANOS) used in the calculation of Basic Earnings Per Share	248,219,988	160,469,915
c) The numerator used in the calculation of Basic Earnings Per Share	(9,176,123)	(10,768,981)
d) Potential Ordinary Shares not considered Dilutive		

As at 30 June 2007, the company had on issue 34,239,022 unlisted options over unissued capital. These options are not considered dilutive as they do not increase the net loss per share.

18 Cash Flow Information

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
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	301,742	424,164	205,973	348,609
Cash on hand	300	4,235	300	4,235
Deposits on call	33,385,923	7,657,340	33,349,543	7,657,340
Term deposits (security bonds)	153,884	520,0751	30,075	520,075
	33,841,849	**8,605,814**	**33,685,891**	**8,530,259**
a) Reconciliation of Cash Flows from operating activities				
Cash at the end of the financial year as shown	(9,176,123)	(10,768,981)	(9,173,130)	(10,768,981)
Non cash flows in operating (loss):				
Depreciation expense	68,301	38,561	67,235	38,561
Accrued income	(171,484)	1,048	(171,484)	1,048
Exchange Rate Effect on Foreign Currencies Held	134,142	-	134,142	-
Amortisation expense	836,886	866,113	8,414	9,200
Doubtful debt expense	-	-	1,476,405	3,641,675
Impairment Loss – product distribution license	120,833	-	-	-
July 1 Reversal of Impairment Loss – EpiPharm Pty Ltd	(1,228,615)	1,228,615	-	-
Loss on sale of product distribution licenses	701,623	-	-	-
Executive share option expense	548,917	(329,707)	548,917	(329,707)
WDV of Non Current assets sold	2,662	15,114	2,662	15,114
Gain on sale of Non Current asset	373	-	373	-
Change in Financial Instrument Fair Value	(3,280)	-	(3,280)	-
Unrealised Loss Foreign Exchange Translation	6,328	-	-	-
Changes in assets and liabilities:				
(Increase)/decrease in receivables	163,215	(97,662)	26,606	(33,476)
(Increase)/decrease in bonds & deposits	40,000	6,508	-	771
(Increase)/decrease in inventories	604,902	(573,027)	-	-
(Increase)/decrease in prepayments	(287,789)	(2,165,943)	(298,118)	(2,197,853)
Increase/(decrease) in payables	(568,636)	404,077	(93,182)	47,666
Increase/(decrease) in provisions	28,928	(28,173)	66,144	(47,952)
Net cash used in operating activities	**(8,178,814)**	**(11,403,457)**	**(7,408,296)**	**(9,623,934)**

19 Directors' and Executives' Disclosures

Remuneration of specified directors and specified executives

Remuneration levels are competitively set to attract and retain the most qualified and experienced directors and executives both domestically and internationally. 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 of directors and management annually.

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. The Chairman receives $75,000 per annum when in a non-executive capacity. The Chairman's executive role is for a 12 month term, whereby the Company reserves the right to extend the term for another 12 month period. The Chief Scientific Officer received $298,129 for the year. These services provided are considered appropriate given their skills, qualifications and experience. Directors' fees cover all main Board activities and membership of the Remuneration and Nomination and Audit and Risk committees.

Executive remuneration is reviewed annually by the Remuneration and Nomination Committee and approved by the Board. Remuneration packages include a balance between a fixed base component and an incentive component, with incentive payments being based, a meeting pre-specified performance targets.

The incentive component of executive remuneration is divided into the following two elements:

– Short-term performance based remunerations, generally cash payment up to a fixed percentage of base salary.

– Long-term performance based remuneration, generally based upon the issue of options to acquire shares in the Company. Options are issued under the company's Share Option Plan.

The following table provides details of all directors of the Company ("specified directors") and the nature and amount of the elements of their remuneration and other compensation for the year ended 30 June 2007.

The Committee has determined that an employment agreement be entered into with the Chief Executive Officer, Chief Scientific Officer and with no other executives. The current employment agreement with the CEO commenced on the 1st February 2006, amended 1st January 2007 and continues until such time the Chief Executive Officer's employment is terminated in accordance with the terms of the employment agreement.

The specified directors of Clinuvel during the year were:

Dr R Aston
Executive Chairman

Dr H P K Agersborg
Deputy Chairman, Chief Scientific Officer

Mr S R McLiesh
Non-Executive

Dr W A Millen
Non-Executive (Resigned 27 November 2006)

Mrs B M Shanahan
Non-Executive
(Joined company 6 February 2007)

Dr T E Winters
Executive (Resigned 1 June 2007)

Dr P J Wolgen
Managing Director, Chief Executive Officer

The specified executives of Clinuvel during the year were:

Mr D M Keamy
Chief Financial Officer, Company Secretary

Dr D J Wright
VP – Clinical Development & Regulatory Affairs

Directors' and Officers' Emoluments

	Short-Term Employment Benefits			Post-Employment Benefits		Share Based Payments	
Director	Salary	Cash Bonus	Non-Monetary Benefits	Superannuation Contribution	Other	Options	Total
	$	$	$	$	$	$	$
Dr R Aston*	-	-	-	-	165,404	90,147	255,551
Dr H P K Agersborg	298,129	-	-	-	-	47,590	345,719
Mr S R McLiesh	45,872	-	-	4,128	-	19,874	69,874
Dr W A Millen	19,113	-	-	1,720	100,000	-	120,833
Mrs B M Shanahan	18,349	-	-	1,651	-	14,367	34,367
Dr T E Winters	75,000	50,325	-	-	33,333	24,398	183,056
Dr P J Wolgen	383,333	252,391	49,410	12,686	-	211,925	909,745
Total	**839,796**	**302,716**	**49,410**	**20,186**	**298,737**	**408,301**	**1,919,145**

* Dr Aston provides executive consultancy services to the company in his capacity as Executive Chairman. In doing so, he forgoes non-executive director fees for 2006/07. See the Related Parties note of this Annual Report.

Key Management Personnel

	Short-Term Employment Benefits			Post-Employment Benefits		Share Based Payments	
Director	Salary	Cash Bonus	Non-Monetary Benefits	Superannuation Contribution	Other	Options	Total
	$	$	$	$	$	$	$
Mr D M Keamy	116,415	15,000	-	10,431		14,710	156,555
Dr D J Wright	137,151	4,180	-	12,198		85,364	238,893
Total	**253,566**	**19,180**	**-**	**22,629**		**100,074**	**395,448**

Remuneration option holdings of Key Management Personnel - 2007

Directors	Balance at start of Year	Granted as Compensation	Exercised	Other Changes	Balance at End of Year	Vested and Exercisable	Unvested
	$	$	$	$	$	$	$
Dr R Aston	750,000	2,000,000	-	-	2,750,000	1,050,000	1,700,000
Dr H P K Agersborg	250,000	2,500,000	-	-	2,750,000	1,250,000	1,500,000
Mr S R McLiesh	250,000	850,000	-	-	1,100,000	575,000	525,000
Dr W A Millen	-	-	-	-	-	-	-
Mrs B M Shanahan	-	850,000	-	-	850,000	283,333	566,667
Dr T E Winters	250,000	2,000,000	-	(800,000)	1,450,000	1,050,000	400,000
Dr P J Wolgen	2,250,000	9,000,000	-	-	11,250,000	5,000,000	6,250,000
Executives							
Mr D M Keamy	-	800,000	-	-	800,000	152,083	647,916
Dr D J Wright	500,000	1,300,000	-	-	1,800,000	602,917	1,197,083

Remuneration option holdings of Key Management Personnel - 2006

Directors	Balance at start of Year	Granted as Compensation	Exercised	Other Changes	Balance at End of Year	Vested and Exercisable	Unvested
	$	$	$	$	$	$	$
Dr R Aston	750,000	-	-	750,000	-	750,000	
Dr H P K Agersborg	250,000	-	-	-	250,000	167,500	82,500
Mr S R McLiesh	1,000,000	-	(750,000)	-	250,000	167,500	82,500
Dr W A Millen	1,500,000	-	-	(1,500,000)	-	-	-
Mrs B M Shanahan	-	-	-	-	-	-	-
Dr T E Winters	250,000	-	-	-	250,000	167,500	82,500
Dr P J Wolgen	2,250,000	-	-	2,250,000	-	2,250,000	
Executives							
Mr D M Keamy	-	-	-	-	-	-	-
Dr D J Wright	-	500,000	-	-	500,000	-	500,000

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.

Ordinary Share Holdings in 2007 and 2006

	Ordinary Shares – 2007				Ordinary Shares – 2006			
Directors	Balance at Start of Year	Rec'd upon Option Exercise	Other Changes	Balance at End of Year	Balance at Start of Year	Rec'd upon Option Exercise	Other Changes	Balance at End of Year
Dr R Aston	71,757	-	36,467	108,224	-	-	71,757	71,757
Dr H P K Agersborg	921,105	-	-	921,105	1,008,105	-	(87,000)	921,105
Mr S R McLiesh	750,000	-	10,000	760,000	-	750,000	-	750,000
Dr W A Millen	-	-	-	-	11,126,375	-	(5,969,696)	5,156,679
Mrs B M Shanahan	420,071	-	-	420,071	-	-	-	-
Dr T E Winters	-	-	-	-	5,024,533	-	(4,124,533)	900,000
Dr P J Wolgen	-	-	-	-	-	-	-	-
Executives								
Mr D M Keamy	1,600	-	-	1,600	1,600	-	-	1,600
Dr D J Wright	-	-	-	-	-	-	-	-

20 Auditor's Renumeration

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
Amounts received or due and receivable by William Buck for:				
– audit services and review	43,450	38,000	43,450	38,000
– other services	0	0	0	0
	43,450	**38,000**	**43,450**	**38,000**

21 Related party Disclosures

Directors

The Directors of Clinuvel during the financial year were:

R Aston, H P K Agersborg, S R McLiesh, W A Millen, B M Shanahan, T E Winters and P J Wolgen.

Wholly-owned group transactions

Loans

The loan receivable by Clinuvel from Melanotan (Australia) 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 to the extent that a deficiency in net assets exists in Melanotan (Australia) Pty Ltd.

The loan receivable by Clinuvel from EpiPharm Pty Ltd is non-interest bearing. A provision for non-recovery has been raised in the accounts of Clinuvel to the extent that a deficiency in net assets exists in EpiPharm Pty Ltd. The loan to EpiPharm Pty Ltd as at 30 June 2007 is $4,343,613 (2006: $4,095,012).

The loan receivable by Clinuvel 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 to the extent that a deficiency in net assets exists in Clinuvel, Inc.

Director related and key management personnel transactions and entities

Consultancy payments to Bellou Management Pty Ltd

Under the terms of a consultancy agreement entered into between the company and Dr Millen upon his resignation as director, the company will pay $100,000 to Dr Millen over 24 months following his resignation in November 2006. The payments are to Dr Millen's management company Bellou Management Pty Ltd with $29,167 paid during 2006/07.

Common directors of the company and Melanotan Corporation (Inc)

A director of the company, Dr Helmer Agersborg, also holds a directorship with Melanotan Corporation Inc. Melanotan Corporation Inc granted an exclusive sub-licence for the Melanotan technology to Melanotan Australia Pty Ltd. One of the terms of this agreement is the payment of royalties to Melanotan Corporation Inc of 3.5% of the net selling price upon commercialisation of the technology.

Consultancy payments to Newtonmore Biosciences Pty Ltd

Under the terms of a consultancy agreement entered into between Dr Aston and the consolidated entity, the consolidated entity is to pay Dr Aston for the provision of consultancy services in lieu of non-executive Chairman fees. The payments are made to Dr Aston's management company Newtonmore Bioscience Pty Ltd with $165,404 paid during 2007 (2006: $89,363 (6 month period only)).

Commission paid to JM Financial Group Ltd

A payment was made to JM Financial Group Ltd, of which Mrs Shanahan is a shareholder and non-executive director. The amount paid was $504,509, being a management fee in facilitating a capital raising private placement totalling $13 million in April 2007.

22 Segment information

The consolidated entity operates in the biotechnology and in the pharmaceutical products industries. The consolidated entity operates predominantly in Australia.

	Biotechnology		Pharmaceutical Products		Consolidated	
	2007	2006	2007	2006	2007	2006
Segment Revenue & Results						
Revenues						
Interest Revenue (unallocated)	-	-	-	-	2,238,876	446,956
Sales	-	-	283,308	754,846	283,308	754,846
Gain on Business Disposal after Impairment	-	-	31,717	-	31,717	-
Total Revenue	**-**	**-**	**315,025**	**754,846**	**2,553,901**	**1,201,802**
Results	**(8,444,024)**	**(8,015,545)**	**(732,099)**	**(2,753,436)**	**(9,176,123)**	**(10,768,981)**
Segment Assets & Liabilities						
Current assets	65,277,634	13,064,440	38,984	852,353	65,316,619	13,916,793
Non Current assets	2,508,127	3,154,066	-	-	2,508,126	3,154,066
Total Assets	**67,785,761**	**16,218,506**	**38,984**	**852,353**	**67,824,745**	**17,070,859**
Liabilities						
Current Liabilities	2,389,204	2,396,861	38,984	669,895	2,428,188	3,066,756
Non Current liabilities						
– Provisions	4,741	8,122	-	7,149	4,741	15,271
Total Liabilities	**2,393,945**	**2,404,983**	**38,984**	**677,044**	**4,432,929**	**3,082,027**

23 Financial Instruments

a) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	Weighted Average Effective Interest Rate		Non-Interest Bearing		Balances subject to a Floating Interest Rate		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	%	%	$	$	$	$	$	$
i) Financial Assets								
Cash at bank, deposits & income securities	6.45	5.82	125,814	80,770	62,227,685	10,549,045	62,353,497	10,629,814
Receivables	N/A	N/A	241,493	233,224	-	-	241,493	233,224
Total			**367,307**	**313,994**	**62,227,685**	**10,549,045**	**62,594,990**	**10,863,039**
ii) Financial Liabilities								
Payables	N/A	N/A	2,315,291	2,993,323	-	-	2,315,291	2,993,323
Total			**2,315,291**	**2,993,323**	**-**	**-**	**2,315,291**	**2,993,323**

b) Net fair values

All financial assets and liabilities have been recognised at the balance date at their net fair values.

c) Credit risk exposures

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheets and notes to the Financial Report.

The economic entity does not have any material credit risk exposure to any single debtor or economic entity of debtors under financial instruments entered into by the economic entity.

24 Employee Benefits

	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
(a) The aggregate employee benefit liability is comprised of :				
– Provision for annual leave	112,890	73,433	111,125	41,599
– Provision for long service leave	4,741	15,271	4,741	15,271
– Accrued FBT & Superannuation	45,415	43,715	45,415	31,936
	163,046	**132,419**	**161,281**	**88,806**

b) Share Based Payments

The consolidated entity has ownership based scheme for key management personnel and select consultants (including executive directors) of the company. Each share option converts to one ordinary share of the consolidated entity. The options are 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 is subject to approval by the Remuneration & Nomination Committee and by shareholders at general meetings. Each series of options have 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.

The following chart shows share based payment arrangements in existence at 30 June 2007:

Options Series		Number	Grant Date	Expiry Date	Exercise Price $	Fair Value at Grant Date $
Issued	10 Nov 2003	750,000	10 Nov 2003	31 Dec 2007	0.74	0.51
Issued	23 Feb 2006	1,500,000	23 Feb 2006	31 Dec 2007	0.50	0.01
Issued	1 Jan 2005	86,660	1 Jan 2005	31 Dec 2007	0.90	0.58
Issued	1 Jan 2004	125,000	1 Jan 2004	1 Jan 2008	0.66	0.44
Issued	13 Mar 2003	500,000	13 Mar 2003	2 Feb 2008	0.16	0.10
Issued	25 Jul 2003	500,000	25 Jul 2003	13 Jun 2008	0.29	0.27
Issued	19 Apr 2004	300,000	19 Apr 2004	18 Apr 2009	0.87	0.57
Issued	31 Oct 2005	1,500,000	31 Oct 2005	1 Nov 2009	0.34	0.19
Issued	1 Mar 2005	500,000	1 Mar 2005	28 Feb 2010	0.75	0.52
Issued	9 Feb 2007	19,210,000	9 Feb 2007	9 Feb 2012	0.86	0.22

Option holdings of All Issued Options – 2007

Options Series		Balance at start of Year	Granted as Compensation	Exercised	Other Changes	Balance at End of Year	Vested and Exercisable	Unvested
Issued	23 Oct 2001	800,000	-	(800,000)	-	-	-	-
Issued	1 Jan 2004	125,000	-	(125,000)	-	-	-	-
Issued	10 Nov 2003	750,000	-	-	-	750,000	750,000	-
Issued	23 Feb 2006	1,500,000	-	-	-	1,500,000	750,000	750,000
Issued	1 Jan 2005	86,660	-	-	-	86,660	86,660	-
Issued	1 Jan 2004	125,000	-	-	-	125,000	125,000	-
Issued	13 Mar 2003	500,000	-	-	-	500,000	500,000	-
Issued	25 Jul 2003	500,000	-	-	-	500,000	500,000	-
Issued	19 Apr 2004	300,000	-	-	-	300,000	300,000	-
Issued	31 Oct 2005	1,500,000	-	-	-	1,500,000	500,000	1,000,000
Issued	1 Mar 2005	500,000	-	-	-	500,000	330,000	170,000
Issued	9 Feb 2007	-	20,010,000	-	(800,000)	19,210,000	7,852,500	11,357,500

The weighted average fair value of the options granted during the financial year was $0.22.

Options were priced using the Black Scholes Binominal option pricing model. The expected life used in the model is assumed to be the mid-point 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.

24 Employee Benefits (continued)

Black Scholes Binominal Model Inputs	Options Issued & Granted 9 Feb 2007
Grant Date Share Price	$0.86
Exercise Price	$0.86
Historical Volatility (weighted average)	24.3%
Option Life (weighted average)	3.5 years
Risk Free Interest Rate	6.39%

	2007		2006	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance at beginning of year	2,886,660	0.41	4,725,000	0.50
– granted	2,810,000	0.86	-	-
– forfeited	-	-	(1,838,340)	0.66
– exercised	(875,000)	0.18	-	-
(Balance at end of year	4,821,660	0.71	2,886,660	0.40
Exercisable at end of year	2,458,327	0.58	2,033,332	0.32

The share options for executives outstanding at the end of the financial year had an exercise price of $0.71 and an average remaining contractual life of 1,270 days.

25 Assets Pledged as Security

Term deposits held as security for bank guarantees:

Amount	Ending Security Date	In favour of	Purpose
130,075	2 December 2007	Overland Properties Pty Ltd	Rental security bond for Level 13 / 1 Collins Street, Melbourne
130,075			

26 Commitments of Expenditure

Australian dollar equivalents of commitments for expenditure. Foreign currency amounts are unhedged.	Consolidated		Clinuvel Pharmaceuticals Ltd	
	2007	2006	2007	2006
	$	$	$	$
a) Capital expenditure commitments :				
AU Dollars	-	150,000	-	-
US Dollars	-	-	-	-
Euro	-	-	-	-
British Pounds	-	-	-	-
Total	**-**	**150,000**	**-**	**-**
b) Research & development commitments				
AU Dollars	-	492,992	-	492,992
US Dollars	385,590	-	385,590	-
Euro	1,188,401	1,284,027	1,188,401	1,284,027
British Pounds	77,904	74,092	77,904	74,092
Total	**1,651,895**	**1,851,111**	**1,651,895**	**1,851,111**
c) Other expenditure commitments				
AU Dollars	49,500	464,608	49,500	70,000
US Dollars	-	71,304	-	71,304
Euro	-	-	-	-
British Pounds	-	-	-	-
Total	**535,912**	**535,912**	**535,912**	**141,304**
Total	**1,701,395**	**2,537,023**	**1,701,395**	**1,992,415**

27 Subsequent Events

There has not been any matters, 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, except that:

– On 19 July 2007 Clinuvel announced that it had determined the optimal dosage and delivery vehicle for its proprietary photo-protective drug CUV1647, being a bioabsorbable, controlled release implant with 16 mg loading of CUV1647.

28 Additional Company Information

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

The Registered office is:

Level 11 / 330 Collins Street
Melbourne, Victoria 3000, Australia.
Telephone +61 3 9660 4900
Facsimile +61 3 9660 4999
mail@clinuvel.com
www.clinuvel.com

Directors' Declaration

In the opinion of the directors:

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

   a) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date;

   b) complying with Accounting Standards and the Corporations Regulations 2001; and

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.

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

Dr Philippe J Wolgen
Director

Dated this 7th day of September, 2007

Independent Auditor's Report

William Buck
Business Advisors
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Clinuvel Pharmaceuticals Limited

Report on the Financial Report

We have audited the accompanying financial report of Clinuvel Pharmaceuticals Limited which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, 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. These Auditing Standards require that we 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.

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 judgment, 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 entity'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 entity'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.

Level 2, 215 Spring Street, Melbourne VIC 3000 • GPO Box 4984WW, Melbourne VIC 3001 • DX39320 Port Melbourne
T (61 3) 8663 6000 **F** (61 3) 8663 6333 **E** info@williambuckvic.com.au **W** www.williambuck.com.au

William Buck
Business Advisors
Chartered Accountants

Auditor's Opinion

In our opinion:

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

   i) giving a true and fair view of company and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

b) The financial report complies with International Financial Reporting Standards as disclosed in Note 1.

William Buck
Chartered Accountants

David Ashmore
Partner

Dated this 7th day of September 2007.

Melbourne, Australia.

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William Buck
Business Advisors
Chartered Accountants

Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

To the Directors of Clinuvel Pharmaceuticals Limited:

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck
Chartered Accountants

David Ashmore
Partner

Dated this 7th day of September 2007.

Melbourne, Australia.

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Additional Information required by the Australian Stock Exchange (ASX)

Additional information, as at 31 August 2007, 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	356
1,001 – 5,000	1,104
5,001 – 10,000	661
10,001 – 100,000	990
100,001 – and over	131
Total	**3,242**

b) The number of shareholdings held in less than marketable parcels is 145 for ordinary shares.

c) The names of the substantial shareholders listed in the holding company's register as at 31 August 2007 are:
ANZ Nominees Ltd Cash Income A/C

d) Voting Rights – Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

e) 20 Largest Shareholders – Ordinary Shares.

Position	Name	Number of Ordinary Fully Paid Shares Held	% Held of issued Ordinary Capital
1	ANZ Nominees Limited Cash Income A/C	87,735,007	29.04
2	HSBC Custody Nominees (Australia) Limited A/C 2	47,842,486	15.83
3	Merrill Lynch (Australia) Nominees Pty Ltd	27,440,470	9.08
4	Citicorp Nominees Pty Limited	16,010,598	5.30
5	HSBC Custody Nominees (Australia) Limited-GSI ECSA	13,293,547	4.40
6	HSBC Custody Nominees (Australia) Limited	11,646,507	3.85
7	National Nominees Limited	8,637,722	2.86
8	Loughran & Co	6,936,336	2.30
9	Weighton Pty Ltd	5,176,973	1.71
10	Competitive Technologies Inc	1,913,032	0.63
11	J P Morgan Nominees Australia Limited	1,894,663	0.63
12	Sandhurst Trustees Ltd JMFG Consol A/C	1,634,122	0.54
13	Chartport Financial Services Pty Ltd	1,201,595	0.40
14	Mr Robert Thomas Dorr	1,069,867	0.35
15	Grunwald Design International Pty Ltd	1,004,040	0.33
16	Citicorp Nominees Pty Ltd CFSIL OZDAQ HI TEC INDX A/C	856,211	0.28
17	Estate Late Mac Eugene Hadley	819,867	0.27
18	Boodup Nominees Pty Ltd Otter Super Fund A/C	780,000	0.26
19	Lippo Securities Nominees (BVI) Ltd Client A/C	765,000	0.25
20	Stanley Roy McLiesh	760,000	0.25
		237,418,043	**78.56**

2 Company Secretary

The name of the company secretary is:
Darren Keamy

3 Registered Office

The address of the principal registered office in Australia is:

Level 11 / 330 Collins Street
Melbourne, Victoria 3000, Australia
Telephone +61 3 9660 4900

4 Register of Securities

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

5 Stock Exchange Listing

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

6 Restricted Securities

Restricted securities on issue at 30 June 2007: Nil

Glossary

alpha-Melanocyte Stimulating Hormone or ∝-MSH:
A peptide hormone which stimulates the production of eumelanin in the skin (melanogenesis).

EMEA (European Medicines Agency):
Decentralised body of the European Union regulating medical drugs and devices.

Eumelanin:
Melanin comes in two types: eumelanin (dark brown to black) and phaeomelanin (red to yellow). ∝-MSH acts specifically to stimulate eumelanin synthesis.

FDA (Food and Drug Administration):
USA's regulatory agency for food, medical drugs and devices.

Fitzpatrick I and II:
Categorises according to the person's sun-reactive skin type.

- **Fitzpatrick I** Very white or freckled, always burns,
- **Fitzpatrick II** White, usually burns.

Immunocompromised:
Reduced immunity as a result of the use of drugs to suppress organ transplant rejection.

Immunomodulatory:
Changes to the level of a person's immunity.

IPD or Immediate Pigmenting Dose:
The amount of UV required to stimulate immediate colour change.

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.

PBS:
Australian Pharmaceutical Benefits Scheme.

Phase I:
The first trials of a new drug candidate in people. 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 III:
An advanced-stage clinical trial that should conclusively show 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. Their goal is the statistical measurement of how well a therapy clinically improves the health of patients undergoing treatment.

Pharmacodynamics:
Is the study of the time course of a drug's actions in the body.

Photodermatoses:
Diseases in which skin changes, eg. rashes, are induced by exposure to UV radiation.

Photo-protection:
Protection against damage caused by the sun and ultraviolet radiation.

Pharmacokinetics:
Is the study of the time course of absorption, distribution and excretion of a drug in the body.

Subcutaneous:
Beneath the skin.

Sustained release:
Process whereby the drug is released from a formulation over a period of time.

Thymine dimers:
Changes to DNA that are characteristic of UV damage.

TGA (Therapeutic Goods Agency):
Australia's regulatory agency for medical drugs and devices.

Topical:
Cream, gel or spray applied to the skin.

Transdermal:
Also known as transdermic, percutaneous, transcutaneous, through the unbroken skin; refers to medications applied directly to the skin (creams, ointments or sprays) or in release forms (patches).

UV (Ultraviolet):
Refers to particular colours of light which are so blue that they cannot be seen by the human eye. UV light reacts with human skin to cause suntans and sunburns. Repeated sunburn injury is a known precursor to skin cancer. UV light consists of UV-A, UV-B and UV-C (UV-C does not penetrate the atmosphere).

Corporate Directory

Directors and Executives

Executive Chairman: Dr Roger Aston

Non-Executive Directors: Stanley McLiesh, Brenda Shanahan

Managing Director and Chief Executive Officer: Dr Philippe Wolgen

Chief Scientific Officer, Director: Dr Helmer P K Agersborg

VP – Clinical Development and Regulatory Affairs: Dr Dennis Wright

Chief Financial Officer and Company Secretary: Darren Keamy

Australian Stock Exchange

The company's shares are quoted on the official list of the Australian Stock 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

Share Registry

Computershare
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067, Australia
Telephone +61 3 9415 4000

Auditor

William Buck
Level 2 / 215 Spring Street
Melbourne, Victoria 3000, Australia

Banker

National Australia Bank
Level 2 / 627 Chapel Street
South Yarra, Victoria 3141, Australia

Lawyers

Minter Ellison
Rialto Towers
Level 16 / 525 Collins Street
Melbourne, Victoria 3000, Australia

Arnold Bloch Leibler
Level 21 / 333 Collins Street
Melbourne, Victoria 3000, Australia

Patent Lawyers

Davis Collison Cove
1 Nicholson Street
Melbourne, Victoria 3000, Australia

Trademark Lawyers

Piper Alderman
Level 24 / 385 Bourke Street
Melbourne, Victoria 3000, Australia

Notes