21 February 2017

31 December 2016 half-year financial report & operational performance

No. of Pages: 20

In accordance with Listing Rule 4.2A, we enclose the Half-Year Financial Report (reviewed) on the consolidated results of Opthea Limited ('Opthea' or 'Group') for the half-year ended 31 December 2016. The previous corresponding periods are the financial year ended 30 June 2016 and the half year ended 31 December 2015.

Information in relation to the operational performance, financial performance, cash flows and financial position is included in the attached Appendix 4D Half-Year Financial Report.

This Half Year Financial Report should be read in conjunction with the Company's Annual Report for the year ended 30 June 2016.

Mike Tonroe

Company Secretary

APPENDIX 4D

Half-Year Financial Report

Name of entity:	**Opthea Limited**
ABN:	**32 006 340 567**
Reporting period:	**Half-Year Ended 31 December 2016**
Previous corresponding period:	Half-Year Ended 31 December 2015

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This half-year report is to be read in conjunction with the Company's 2016 Annual Report

Note: The financial figures provided are in Australian dollars, unless specified otherwise.

Results for announcement to the market

The consolidated results of Opthea Limited for the six months ended 31 December 2016 are as follows:

Revenues and Results from Ordinary Activities

		Change compared to: 31/12/2015 %		31/12/2016 $
Revenues from ordinary activities	decreased	65.1	to	179,731
Loss from ordinary activities before tax	Loss has increased	91.9	to	(4,968,221)
Loss from ordinary activities after tax attributable to members	Loss has increased	32.7	to	(2,297,240)

An explanation of the figures reported above are contained in the Directors' Report under the heading 'Financial performance'.

Shareholder Distributions

No dividends have been paid or declared by the entity since the beginning of the current reporting period.

NTA backing	Consolidated 31/12/2016	Consolidated 30/06/2016
Net tangible asset backing per ordinary security	$0.09	$0.10

Status of review of accounts

The financial report for the half-year ended 31 December 2016 has been reviewed. The review report is included with the financial report.

Opthea Limited and controlled entities

ABN 32 006 340 567

Condensed Financial Report

Half year ended 31 December 2016

Contents

Opthea Limited and Controlled Entities

Directors' report

The directors of Opthea Limited submit herewith the financial report of Opthea Limited and its subsidiaries (Opthea, the Company and the Group) for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below:

Geoffrey Kempler	Chairman, Non-Executive Director
Megan Baldwin	Chief Executive Officer and Managing Director
Michael Sistenich	Non-Executive Director

Review of operations

Financial performance

For the half year ended 31 December 2016, the Company's net loss attributable to members is $2,297,240 (31 December 2015: $1,731,722). The increased loss compared to 2015 is mainly due to the increase in research and development (R&D) spending by the Group, which can be attributed to the expenditure incurred in 2016 on progressing our Phase 1/2A clinical trials with OPT-302 in wet AMD patients.

Set out below are other factors affecting financial performance:

- The total investment in R&D was $3,711,307 (31 December 2015: $1,943,136). Direct R&D spending (excluding personnel and R&D support costs) was $2,757,748 (31 December 2015: $1,247,188).
- The net income tax benefit for the half year is $2,670,981 (31 December 2015: $856,625).
- Basic earnings per share were a loss of 1.53 cents (31 December 2015: loss of 1.14 cents).

Financial position

The cash position as at 31 December 2016 was $13,144,174 (30 June 2016: $14,486,403). Other points to note on the Company's financial position are:

- The 2016 Research and Development (R&D) tax incentive claim of $2,643,553, was received from the Australian Tax Office during October 2016. A benefit of $1,614,418 (31 December 2015: $874,411) has been recognised in relation to the R&D tax incentive spend in the current period and included in current tax assets.
- As at 31 December 2016, the Net Tangible Asset backing per share was 9 cents; down from 10 cents as at 30 June 2016.

Corporate restructuring

Simplification of Opthea's corporate structure through deregistration or liquidation of several of our wholly-owned subsidiaries has been completed. This process is critical to articulation of a clear corporate strategy and provides greater efficiencies in our accounting and reporting processes.

Our ophthalmology program/s are conducted under the public ASX listed entity Opthea Limited. At the completion of the corporate restructure, one wholly-owned subsidiary of Opthea, Vegenics Pty Ltd, now remains. Opthea's extensive intellectual property related to VEGF-C, VEGF-D and VEGFR-3 will continue to be recognised within Vegenics Pty Ltd.

OPT-302: A potent inhibitor of VEGF-C and VEGF-D for the treatment of wetAMD

Opthea has continued to execute its plans to focus on the development of its lead molecule OPT-302 as an eye disease therapy.

OPT-302 is a soluble form of VEGFR-3 that acts as a VEGF-C/VEGF-D 'trap'. Blockade of VEGF-C and VEGF-D by OPT-302 inhibits blood and lymphatic vessel development, as well as vessel leakage. These are characteristics of several eye diseases, including neovascular ('wet') age-related macular degeneration (wet AMD).

Wet AMD is a disease characterised by loss of vision in the middle of the visual field caused by degeneration of the central portion of the retina (the macula). Abnormal growth of blood vessels below and within the retina, and the leakage of fluid and protein from the vessels, cause retinal degeneration and lead to severe and rapid loss of vision if left untreated.

Approved therapies for wet AMD include Eylea® and Lucentis® which block the activity of VEGF-A, the first member of the VEGF family of proteins to be discovered and a signal that causes blood vessels to grow and leak. The approved therapies target VEGF-A but not VEGF-C or VEGF-D which are alternate members of the same family of molecules. VEGF-C and VEGF-D can stimulate blood vessel growth and leakage through the same pathway as VEGF-A, as well as through pathways that are independent of VEGF-A. Annual worldwide sales of current approved therapies are in excess of US$7 billion.

Our plan is to address the unmet medical need that remains for wet AMD patients. Approximately half of the people receiving the existing therapies do not experience a significant gain in vision and/or have persistent fluid at the back of the eye. Wet AMD is the leading cause of blindness in the developed world and one that is increasing in prevalence as the population ages.

OPT-302 is being developed for use in combination with existing approved inhibitors of VEGF-A (Lucentis®/ Eylea®) in order to achieve a more complete blockade of the VEGF pathway and block mechanisms of 'escape' from VEGF-A inhibition. Combined inhibition of VEGF-A, together with VEGF-C and VEGF-D, may more effectively control aberrant blood vessel development and leakage than VEGF-A alone. Such an approach has the potential to improve visual acuity in previously untreated (treatment naïve) and prior treated patients that respond sub-optimally to the currently approved therapies for the disease.

Operational update

A Phase 1/2A clinical trial of OPT-302 in patients with wet AMD is currently in progress under an FDA approved IND at 14 clinical sites in the USA (*ClinTrials.gov ID#: NCT02543229*). The first-in-human dose-escalation and dose-expansion trial is investigating OPT-302 administered alone or in combination with Lucentis® on a monthly basis for three months. The primary endpoint of the study is the assessment of the safety of OPT-302 administered via ocular (intravitreal) injection as a monotherapy and in combination with Lucentis®. Secondary endpoints of the trial include preliminary measures of clinical activity, including evaluation of visual acuity using eye charts as well as changes in wet AMD lesions, including fluid and thickness of the tissue at the back of the eye, using advanced imaging techniques.

The primary safety objective of the Phase 1 trial was successfully met. OPT-302 administered by intravitreal injection as a monotherapy or in combination with Lucentis® was safe and well tolerated at all dose levels in 20 patients with wet AMD. In addition, encouraging results from the Phase 1 trial suggest clinical activity of OPT-302 in both treatment naïve and patients previously treated with standard of care.

Following positive results from the Phase 1 dose escalation study of OPT-302 in patients with wet AMD, enrolment of a further 31 patients in the Phase 2A dose expansion cohorts was completed in November 2016. We expect to report the primary analysis of the Phase 2A trial by April 2017. Concurrently with the completion of the Phase 1/2A clinical study, we are currently planning to initiate a larger, randomized and controlled Phase 2B clinical trial investigating OPT-302 + Lucentis® versus Lucentis® alone in wet AMD patients in the second half of 2017.

In August 2016 the company presented at the Ophthalmology Innovation Summit (OIS) in San Francisco.
Dr Megan Baldwin, CEO presented in the "Emerging approaches to combination therapies in AMD and Diabetic

Macular Edema"section of the conference. The OIS was a timely opportunity to present data from the Phase 1 dose escalation trial of OPT-302 in wet AMD to an international expert audience. Phase 1 data was also presented at European Society of Retina Specialists (EURETINA) congress held in Copenhagen, Denmark in September 2016. The EURETINA congress is the largest gathering of specialist retinal ophthalmologists and associated healthcare professionals in Europe.

In addition, in January 2017, Opthea attended the 35th Annual J.P. Morgan Conference in San Francisco. The conference attracts investors as well as pharmaceutical and biotechnology executives from around the world and is one of the industry's largest healthcare investment conferences.

Outlook

Opthea will continue to focus the Company's capital and resources on the significant opportunity represented in the OPT-302 program.

The key objectives of the Company over the next 12 months are to:

- Complete the Phase 1/2A clinical trial of OPT-302 in wet AMD patients;
- Report primary data from the Phase 2A cohorts by April 2017;
- Publish the outcomes of the Phase 1/2A clinical trial of OPT-302 in wet AMD patients in a peer reviewed journal;
- Initiate a randomised controlled Phase 2B clinical study of OPT-302 in wet AMD patients;
- Continue to raise Opthea's profile through awareness of the unmet medical need for wet AMD and rationale for OPT-302 use in this setting and presentation of clinical data at international ophthalmology conferences.

Auditor's Independence Declaration

The Directors have obtained a declaration of independence from Deloitte Touche Tohmatsu, the Company's auditor, which is attached to this report.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the Corporations Act 2001.

For and on behalf of the Board:

Geoffrey Kempler
Chairman

Melbourne
21 February 2017

Deloitte.

Deloitte Touche Tohmatsu
ABN. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

The Board of Directors
Opthea Limited
Suite 403, Level 4
650 Chapel Street
South Yarra VIC 3141

21 February 2017

Dear Board Members

Opthea Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Opthea Limited.

As lead audit partner for the review of the financial statements of Opthea Limited for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2016

	31 December	
	2016 $	**2015 $**
Revenue		
Finance revenue	147,999	229,825
Other revenue	31,732	285,331
Total Revenue	**179,731**	**515,156**
Other income	1,065	7,105
Research and development expenses	(2,757,748)	(1,247,188)
Patent and intellectual property expenses	(149,246)	(261,995)
Administrative expenses	(2,230,208)	(1,479,438)
Occupancy expenses	(52,633)	(52,890)
Impairment losses on available-for-sale financial assets	-	(247,913)
Gain on disposal of subsidiary	2,521	168,083
Net finance income	38,297	10,733
Loss before income tax	**(4,968,221)**	**(2,588,347)**
Income tax benefit	2,670,981	856,625
Loss for period	**(2,297,240)**	**(1,731,722)**
Other comprehensive income		
Items that maybe subsequently reclassified to profit or loss:		
Net unrealised gains/(losses) on non-current listed investments for the period	548,062	(757,220)
Reclassification adjustment due to impairment of available-for-sale financial assets held	-	247,913
Reclassification adjustment due to available-for-sale financial assets disposed of in the period	-	198,451
Other comprehensive income for the period, net of tax	548,062	(310,856)
Total comprehensive loss for the period	**(1,749,178)**	**(2,042,578)**
Loss for the period is attributable to:		
Non-controlling interest	-	(24,354)
Owners of the parent	(2,297,240)	(1,707,368)
	(2,297,240)	**(1,731,722)**
Total comprehensive loss for the period is attributable to:		
Non-controlling interest	-	(101,631)
Owners of the parent	(1,749,178)	(1,940,947)
	(1,749,178)	**(2,042,578)**
Earnings per share for loss attributable for the ordinary equity holders of the parent:		
Basic and diluted loss per share (cents)	(1.53)	(1.14)

Notes to the financial statements are included on pages 12 to 15.

Condensed consolidated statement of financial position as at 31 December 2016

	Note	31 December 2016 $	30 June 2016 $
Current Assets			
Cash and cash equivalents	4	13,144,174	14,486,403
Current tax assets		1,614,418	1,586,990
Investment in subsidiary		-	169,101
Receivables		191,176	221,010
Prepayments		125,740	182,036
Total Current Assets		**15,075,508**	**16,645,540**
Non-current Assets			
Available-for-sale financial assets	5	863,972	315,910
Plant and equipment		80,681	91,150
Total Non-current Assets		**944,653**	**407,060**
Total Assets		**16,020,161**	**17,052,600**
Current Liabilities			
Payables		1,797,234	1,629,976
Provisions		356,097	361,206
Financial liabilities		-	21,004
Total Current Liabilities		**2,153,331**	**2,012,186**
Non-current Liabilities			
Provisions		21,445	16,826
Other liabilities		35,283	45,434
Total Non-current Liabilities		**56,728**	**62,260**
Total Liabilities		**2,210,059**	**2,074,446**
Net Assets		**13,810,102**	**14,978,154**
Equity			
Contributed equity	6	53,853,396	53,844,979
Accumulated losses		(44,352,103)	(42,054,863)
Reserves	7	4,308,809	3,188,038
Total Equity		**13,810,102**	**14,978,154**

Notes to the financial statements are included on pages 12 to 15.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2016

	Contributed equity $	Options reserve $	Share-based payments reserve $	Equity reserve parent $	Unrealised gains reserve $	Accumulated losses $	Attributable to owners of the parent $	Non-controlling interests $	Total equity $
As at 1 July 2016	**53,844,979**	**1,989,067**	**1,198,971**	**-**	**-**	**(42,054,863)**	**14,978,154**	**-**	**14,978,154**
Other comprehensive income	-	-	-	-	548,062	-	548,062	-	548,062
Loss for the period	-	-	-	-	-	(2,297,240)	(2,297,240)	-	(2,297,240)
Total comprehensive income and expense for the period	-	-	-	-	548,062	(2,297,240)	(1,749,178)	-	(1,749,178)
Cost of share based payment	-	-	572,709	-	-	-	572,709	-	572,709
Issue of ordinary shares	8,417	-	-	-	-	-	8,417	-	8,417
Balance as at 31 December 2016	**53,853,396**	**1,989,067**	**1,771,680**	**-**	**548,062**	**(44,352,103)**	**13,810,102**	**-**	**13,810,102**
As at 1 July 2015	**53,840,767**	**1,989,067**	**388,040**	**(7,172,143)**	**233,579**	**(28,375,300)**	**20,904,010**	**817,602**	**21,721,612**
Other comprehensive income	-	-	-	-	(233,579)	-	(233,579)	(77,277)	(310,856)
Loss for the period	-	-	-	-	-	(1,707,368)	(1,707,368)	(24,354)	(1,731,722)
Total comprehensive income and expense for the period	-	-	-	-	(233,579)	(1,707,368)	(1,940,947)	(101,631)	(2,042,578)
Change in interest in subsidiary	-	-	-	-	-	-	-	(715,971)	(715,971)
Cost of share based payment	-	-	37,709	-	-	-	37,709	-	37,709
Issue of ordinary shares	2,052	-	-	-	-	-	2,052	-	2,052
Balance as at 31 December 2015	**53,842,819**	**1,989,067**	**425,749**	**(7,172,143)**	**-**	**(30,082,668)**	**19,002,824**	**-**	**19,002,824**

Notes to the financial statements are included on pages 12 to 15.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2016

	31 December	
	2016 $	2015 $
Cash flows from operating activities		
Interest received	141,109	256,166
Royalty and licence income received	39,030	63,922
Sales of reagents	1,065	8,338
Income tax refunded	2,643,553	3,094,502
Payments to suppliers, employees and for research and development and intellectual property costs (inclusive of GST)	(4,361,241)	(3,944,003)
Net cash flows used in operating activities	**(1,536,484)**	**(521,075)**
Cash flows from investing activities		
Distribution received on disposal of subsidiary	171,622	-
Cash outflow on disposal of subsidiary	-	(204,910)
Purchase of plant and equipment	(3,077)	-
Proceeds from sale of investments	-	13,439
Net cash flows provided by / (used in) investing activities	**168,545**	**(191,471)**
Cash flows from financing activities		
Proceeds from issues of ordinary shares	8,417	2,052
Net cash flows provided by financing activities	**8,417**	**2,052**
Net decrease in cash and cash equivalents	(1,359,522)	(710,494)
Net foreign exchange differences	17,293	32,626
Cash and cash equivalents at beginning of the period	14,486,403	18,435,637
Cash and cash equivalents at end of the period	**13,144,174**	**17,757,769**

Notes to the financial statements are included on pages 12 to 15.

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2016

1. Corporate information

The consolidated financial report of Opthea Limited for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 21 February 2017.

Opthea Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

2. Basis of preparation and accounting policies

(a) Basis of preparation

This condensed consolidated financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half-year financial report has been prepared on a historical cost basis, except for investments classified as available-for-sale, which are carried at fair value.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and considered together with any public announcements made by Opthea Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

The financial report is presented in Australian dollars.

(b) Changes in accounting policy

The accounting policies and methods of computation are consistent with those which have been adopted in the most recent annual financial report, except for the impact of the New Standards and Interpretations as set out in note 2(c) below. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

(c) New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

Impact of the application of AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation': The amendments to AASB 116 Property, Plant and Equipment prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. As the Group already uses the straight-line method for depreciation of its property, plant and equipment, the application of these amendments has had no impact on the Group's consolidated financial statements.

The Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle include a number of amendments to various Accounting Standards. Those that are relevant to the Group are summarised below:

- The amendments to AASB 119 Employee Benefits clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid).

- The amendments to AASB 134 Interim Financial Reporting make provision for disclosures required by the Standard to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

The application of these amendments has had no effect on the Group's consolidated financial statements.

Impact of the application of AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101: The Group has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an AASB if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in AASB is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not had a material presentation impact on the financial performance or financial position of the Group.

3. Segment information

The consolidated entity operates mainly in one industry and one geographical segment, those being the medical technology and healthcare industry and Australia respectively. There is no seasonality or cyclicality in the operations of the business.

4. Cash and cash equivalents

	31 December 2016 $	30 June 2016 $
For the purpose of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	2,644,174	2,986,403
Short term deposits	10,500,000	11,500,000
	13,144,174	**14,486,403**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short term-deposits are with major Australian banks and are made for varying periods of between 30 days and 90 days, depending on the immediate cash requirements of the Group, and earn interest at a fixed rate for the respective short-term deposit periods. At period end, the average rate was 2.58% (2015 half-year: 3.00%).

5. Non-current assets – Available for sale financial assets

	Ownership interest		Fair value (1)		Cost of investment	
Listed investments	**31 Dec 2016 %**	**30 June 2016 %**	**31 Dec 2016 $**	**30 June 2016 $**	**31 Dec 2016 $**	**30 June 2016 $**
Non-current investments						
Antisense Therapeutics Ltd	6.31	5.77	366,863	315,910	3,106,944	3,106,944
Optiscan Imaging Ltd	2.21	2.66	497,109	-	786,131	786,131
			863,972	**315,910**	**3,893,075**	**3,893,075**

(1) The fair value represents the share (bid) price at period end, and does not include any capital gains tax or selling costs that may be applicable on the disposal of these investments.

Non-current investments in listed shares (which are not associates) are designated and accounted for as "available-for-sale" financial assets pursuant to *AASB 139 Financial Instruments: Recognition and Measurement.*

6. Contributed equity

	Number of shares	Share capital $
Ordinary shares fully paid:		
Balance at 1 July 2016	150,205,903	53,844,979
Issue of shares on exercise of options	31,175	8,417
Balance at 31 December 2016	**150,237,078**	**53,853,396**

Issued capital at 31 December 2016 amounted to $53,853,396 (150,237,078 fully paid ordinary shares) net of share issue costs, tax and amounts taken to the options reserve. During the half-year, the Company issued 31,175 ordinary shares in respect of the exercise of quoted options issued in November 2014.

7. Reserves

	31 December 2016 $	30 June 2016 $
Options reserve	1,989,067	1,989,067
Share-based payments reserve [1]	1,771,680	1,198,971
Unrealised gains reserve [2]	548,062	-
Equity reserve parent	-	-
Total reserves	**4,308,809**	**3,188,038**

(1) Movements in share-based payments reserve:

Opening balance	1,198,971	388,040
Share-based payments expense	572,709	810,931
Closing balance	**1,771,680**	**1,198,971**

(2) Movements in unrealised gains reserve:

Opening balance	-	233,579
Unrealised gains/(losses) on available for sale assets	548,062	(1,327,838)
Impairment of available for sale assets	-	895,808
Disposal of available for sale assets	-	198,451
	548,062	**-**

8. Events subsequent to reporting date

No matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' declaration

In accordance with a resolution of the directors of Opthea Limited, we state that:

1) In the opinion of the directors:

   a) The financial report and the notes thereto are in accordance with the *Corporations Act 2001*, including:

      (i) Giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

      (ii) Complying with Australian Accounting Standards and Corporations Regulations 2001 as disclosed in note 2(a) of the financial statements; and

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

2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2016.

On behalf of the Board:

Geoffrey Kempler
Chairman

Melbourne
21 February 2017

Deloitte.

Deloitte Touche Tohmatsu
ABN. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

Independent Auditor's Review Report to the members of Opthea Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Opthea Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 16.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that givrs a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Opthea Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Opthea Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Opthea Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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Samuel Vorwerg
Partner
Chartered Accountants
Melbourne, 21 February 2017