APPENDIX 4D

Half-Year Financial Report

Name of entity:	**Opthea Limited**
ABN:	**32 006 340 567**
Reporting period:	**Half-Year Ended 31 December 2017**
Previous corresponding period:	Half-Year Ended 31 December 2016

INDEX

This half-year report is to be read in conjunction with the Company's 2017 Annual Report

Note: The financial figures provided are in Australian dollars.

Results for announcement to the market

The consolidated results of Opthea Limited for the six months ended 31 December 2017 are as follows:

Revenues and results from ordinary activities

		Change compared to: 31/12/2016 %		31/12/2017 $
Revenues from ordinary activities	increased	236	to	603,933
Loss from ordinary activities before tax	Loss has increased	168	to	(13,294,524)
Loss from ordinary activities after tax attributable to members	Loss has increased	398	to	(11,431,936)

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.

	Consolidated	
NTA backing	**31/12/2017**	**30/06/2017**
Net tangible asset backing per ordinary security	$0.22	$0.27

Status of review of accounts

The financial report for the half-year ended 31 December 2017 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 2017

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 2017. 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:

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 2017, the Company's net loss attributable to members is $11,431,936 (31 December 2016: $2,297,240). The increased loss compared to the prior year is mainly due to the increase in research and development (R&D) spending, which can be attributed to the expenditure incurred on progressing our clinical trials with OPT-302 in wet AMD and DME patients.

Set out below are other factors affecting financial performance:

- The total investment in R&D was $11,893,687 (31 December 2016: $3,711,307).
- Direct R&D spending (excluding personnel and R&D support costs) was $10,674,904 (31 December 2016: $2,757,748).
- The net income tax benefit for the half year is $1,862,588 (31 December 2016: $2,670,981, including under-provision for the 2016 financial year of $1,056,563).
- Basic earnings per share were a loss of 5.70 cents (31 December 2016: loss of 1.53 cents).

Financial position

Points to note on the Company's financial position are:

- The cash position as at 31 December 2017 was $41,939,329 (30 June 2017: $51,959,906).
- The 2017 Research and Development (R&D) tax incentive claim of $2,709,766, was received from the Australian Tax Office during January 2018. A benefit of $1,862,588 (31 December 2016: $1,614,418) 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 2017, the Net Tangible Asset backing per share was 22 cents; down from 27 cents as at 30 June 2017.

Opthea: Developing OPT-302 as a Novel Therapy for Eye Diseases

Wet (neovascular) age-related macular degeneration (wet AMD) and diabetic macular edema (DME) are the leading causes of visual impairment in the elderly and diabetic populations respectively. Globally, progressive vision loss associated with wet AMD and DME contributes to significant healthcare and economic costs and greatly impacts patient independence and quality of life.

Current treatment options for wet AMD and DME patients are limited and work sub-optimally in the majority of patients. With the prevalence of both diseases on the rise given the aging population and rising incidence of diabetes, there remains a significant market opportunity for novel therapies that can improve vision outcomes in patients with these diseases. Opthea is currently investigating its lead drug development candidate OPT-302 in two clinical trials to determine if OPT-302 improves visual acuity in patients receiving standard of care therapy for wet AMD and DME.

Opthea's technology

Both wet AMD and DME are associated with vascular dysfunction and fluid accumulation at the back of the eye in a region of the central retina or 'macula'. Vessel growth and vascular leakage are primarily driven by members of the vascular endothelial growth (VEGF) factor family, and elevated levels of these signals are associated with disease progression. Current treatments for wet AMD and DME include the multi-billion dollar therapies Lucentis (ranibizumab), Eylea (aflibercept) and Avastin (bevacizumab), which share a common mechanism of action by inhibiting a member of the VEGF family, known as VEGF-A. Despite the widespread use of VEGF-A inhibitors for the treatment of retinal diseases, and their commercial success which is in excess of USD8.5 billion per annum in global revenue for Lucentis and Eylea alone, there remains a major unmet medical need as many patients experience sub-optimal gains in visual acuity and/or persistent retinal fluid despite regular administration of existing treatments.

Opthea's OPT-302 blocks two novel members of the VEGF family that stimulate blood vessel growth and vascular leakage, namely VEGF-C and VEGF-D. By combining administration of OPT-302 with a VEGF-A inhibitor, a more complete blockade of the VEGF pathway can be achieved. Furthermore, as both VEGF-C and VEGF-D can be upregulated to compensate for VEGF-A inhibition, OPT-302 may block mechanisms of resistance to existing therapies for wet AMD and DME. Opthea's objective is therefore to develop OPT-302 as a complementary medicine to be used in conjunction with existing VEGF-A inhibitors such as Lucentis and Eylea.

Opthea's approach for the treatment of retinal diseases with OPT-302 is novel and differentiated from existing approved agents that block VEGF-A. By developing OPT-302 as a combination agent, there is great potential to improve upon the current therapeutic options for both wet AMD and DME patients and prevent chronic decline in vision that occurs in many patients despite receiving ongoing anti-VEGF-A therapy.

Operational update

Following the reporting of successful outcomes from Opthea's Phase 1/2a clinical trial of OPT-302 in 51 wet AMD patients in April 2017, the company has diversified and expanded its clinical development program and is currently enrolling patients in two clinical trials to further investigate the activity of OPT-302:

- A randomised, controlled Phase 2b clinical trial of OPT-302 in treatment naïve wet AMD patients, and
- A randomised, controlled Phase 1b/2a clinical trial investigating OPT-302 in patients with persistent, central involved diabetic macular edema (DME).

In addition, Opthea intends to initiate a third clinical trial in 2018. This third study will be a Phase 2a

clinical trial in a subset of wet AMD patients and may investigate the activity of OPT-302 in subjects who have previously received anti-VEGF-A therapy and demonstrated a sub-optimal response. Further details on the design of this clinical trial will provided prior to the initiation of the study.

Following the successful and oversubscribed $45m fundraising in April 2017, Opthea is fully funded through 2020 and the completion of the Phase 2b wet AMD, Phase 1b/2a DME and Phase 2a clinical studies described above. To facilitate initiation and progression of the company's expanded clinical development program, over the past 6 months Opthea has interacted with regulatory agencies in the US, Europe and Israel and entered into research and development contracts with various third parties, including a global contract research organisation, to provide services for the conduct of the clinical trials. These activities and forecast expenditure as outlined in note 10 (page 18) were anticipated and are consistent with use-of-funds disclosures to shareholders in support of the April 2017 fundraising.

Phase 2b wAMD clinical trial

Opthea dosed the first patient in the Phase 2b clinical trial in wet AMD patients in December 2017. This randomised, controlled clinical trial is designed to investigate whether addition of OPT-302 to Lucentis therapy over a 6 month period improves clinical outcomes for patients.

The Phase 2b trial is currently recruiting patients in the US, and enrolment in Israel and Europe, including the United Kingdom, France, Poland, Hungary, Spain, Latvia, Italy and Czech Republic, is expected to initiate within the next two months. Opthea plans to enrol 351 patients from approximately 113 trial sites globally, and all will be newly diagnosed treatment naïve patients who have not received prior therapy for wet AMD. Patients will be assigned to one of three treatment groups and receive either Lucentis alone, or OPT-302 (low dose, 0.5 mg) in combination with Lucentis or OPT-302 (high dose, 2.0 mg) in combination with Lucentis. Agents will be administered on a monthly basis for six months via intravitreal (ocular) injection/s.

The primary endpoint of the study is the assessment of visual acuity at the completion of the dosing period (week 24) compared to baseline. In addition, several secondary outcome measures will also be assessed including anatomical parameters of the wet AMD lesion using imaging techniques such as optical coherence tomography and fluorescein angiography. Primary analysis of the data from the Phase 2b study is anticipated in early 2020.

Phase 1b/2a DME clinical trial

The initiation of Opthea's Phase 1b/2a trial in patients with diabetic macular edema (DME) marked the expansion of the company's clinical development program for OPT-302 into a second ocular indication. In December 2017, the first US based clinical trial sites for this study were activated and began recruiting patients. This multi- centre clinical trial, which will also enrol patients in Australia, is a two-part design consisting of a Phase 1b dose escalation of OPT-302 (0.3, 1 and 2 mg) used in combination with the VEGF-A inhibitor Eylea (aflibercept, 2 mg), followed by a Phase 2a randomised, controlled dose expansion with treatment allocated in a 2:1 ratio to either OPT-302 with Eylea, or Eylea monotherapy. Opthea plans to enrol ~117 patients with persistent central involved diabetic macular edema despite prior anti-VEGF-A therapy with each patient dosed on a monthly basis for 3 months via intravitreal injection.

The primary objectives of the study are to evaluate the safety/tolerability and efficacy of OPT-302 by determination of the clinical response rate as defined by the proportion of patients receiving combination OPT-302 and Eylea® achieving a ≥ 5 letter gain in visual acuity (VA) compared to baseline at week 12.

In addition, a number of secondary measures will be investigated, including changes in mean visual acuity, diabetic retinopathy severity score, and anatomical parameters such as central subfield thickness (CST) and macular volume from baseline to week 12.

Results from the DME trial are expected in the first half of calendar 2019.

Intellectual property and investor relations

Opthea owns a patent family covering the OPT-302 molecule, and uses thereof, extending out to February 2034. This patent has been filed in 19 countries and is already granted in the United States, South Africa, Singapore and Colombia. Grant of the US patent in August 2017 was a key milestone for Opthea, with the granted patent including broad claims to the OPT-302 molecule, and analogues thereof, and their use to treat disorders involving neovascularisation, including eye diseases such as wet AMD and DME.

With a share register comprised largely of global institutional healthcare funds, Opthea continued to raise the profile of the company's technology to the international and local investment community. In January Opthea attended the 36th 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 continues to focus on the significant opportunity residing in the OPT-302 program. Operationally, the company is advancing the clinical development of OPT-302 to key commercial milestones, most notably the primary data analysis of the Phase 1b/2a clinical trial in DME anticipated in the first half of CY 2019, and reporting of the outcomes from the larger Phase 2b clinical trial in treatment-naïve wet AMD patients anticipated in early 2020.

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

- Publish the outcomes of the Phase 1/2a study of OPT-302 in wet AMD patients in a peer reviewed journal;
- Complete patient enrolment in the US, Europe and Israel for the Phase 2b clinical trial in treatment naïve wet AMD patients;
- Complete patient enrolment in the US and Australia for the Phase 2a clinical trial in DME;
- Finalise the design of and initiate a third clinical trial with OPT-302;
- Continue to liaise with and obtain advice from key opinion leaders in ophthalmology to ensure our clinical program is optimally designed and executed;
- Raise Opthea's profile and an understanding of the company's technology to the international investment and clinical ophthalmology community.

Significant events after balance date

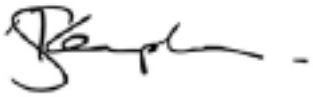
Except for the receipt of $2,709,766 from the ATO in respect of the R&D tax credit for the 2017 financial year, there were no significant events after 31 December 2017 to report.

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
19 February 2018

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

19 February 2018

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 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- 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 2017

	Note	31 December 2017 $	31 December 2016 $
Revenue			
Finance revenue		554,513	147,999
Other revenue		49,420	31,732
Total Revenue		**603,933**	**179,731**
Other income		-	1,065
Research and development expenses		(10,674,904)	(2,757,748)
Patent and intellectual property expenses		(139,817)	(149,246)
Administrative expenses		(2,571,384)	(2,230,208)
Occupancy expenses		(51,894)	(52,633)
Gain on disposal of subsidiary		-	2,521
Net finance expense	4	(460,458)	38,297
Loss before income tax		**(13,294,524)**	**(4,968,221)**
Income tax benefit		1,862,588	2,670,981
Loss for period		**(11,431,936)**	**(2,297,240)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Net unrealised gains/(losses) on non-current listed investments for the period		(75,145)	548,062
Other comprehensive income for the period, net of tax		(75,145)	548,062
Total comprehensive loss for the period		**(11,507,081)**	**(1,749,178)**
Earnings per share for loss attributable for the ordinary equity holders of the parent:			
Basic and diluted loss per share (cents)		(5.70)	(1.53)

Notes to the financial statements are included on pages 14 to 18.

Condensed consolidated statement of financial position as at 31 December 2017

	Note	31 December 2017 $	30 June 2017 $
Current Assets			
Cash and cash equivalents	5	41,939,329	51,959,906
Current tax assets		4,572,353	2,709,765
Receivables		445,690	508,966
Prepayments		182,752	153,957
Total Current Assets		**47,140,124**	**55,332,594**
Non-current Assets			
Available-for-sale financial assets	6	1,073,091	1,148,236
Plant and equipment		77,822	63,837
Total Non-current Assets		**1,150,913**	**1,212,073**
Total Assets		**48,291,037**	**56,544,667**
Current Liabilities			
Payables		3,895,889	1,603,075
Provisions		429,182	399,670
Financial liabilities	7	398,456	-
Total Current Liabilities		**4,723,527**	**2,002,745**
Non-current Liabilities			
Provisions		32,079	24,804
Other liabilities		13,020	25,154
Total Non-current Liabilities		**45,099**	**49,958**
Total Liabilities		**4,768,626**	**2,052,703**
Net Assets		**43,522,411**	**54,491,964**
Equity			
Contributed equity	8	98,138,220	97,853,499
Accumulated losses		(59,679,695)	(48,247,759)
Reserves	9	5,063,886	4,886,224
Total Equity		**43,522,411**	**54,491,964**

Notes to the financial statements are included on pages 14 to 18.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2017

	Contributed equity $	Options reserve $	Share-based payments reserve $	Unrealised gains reserve $	Accumulated losses $	Total equity $
As at 1 July 2017	**97,853,499**	**1,989,067**	**2,064,831**	**832,326**	**(48,247,759)**	**54,491,964**
Other comprehensive income	-	-	-	(75,145)	-	(75,145)
Loss for the period	-	-	-	-	(11,431,936)	(11,431,936)
Total comprehensive income and expense for the period	-	-	-	(75,145)	(11,431,936)	(11,507,081)
Cost of share based payment	-	-	252,807	-	-	252,807
Issue of ordinary shares	284,721	-	-	-	-	284,721
Balance as at 31 December 2017	**98,138,220**	**1,989,067**	**2,317,638**	**757,181**	**(59,679,695)**	**43,522,411**
As at 1 July 2016	53,844,979	1,989,067	1,198,971	-	(42,054,863)	14,978,154
Other comprehensive income	-	-	-	548,062	-	548,062
Loss for the period	-	-	-	-	(2,297,240)	(2,297,240)
Total comprehensive income and expense for the period	-	-	-	548,062	(2,297,240)	(1,749,178)
Cost of share based payment	-	-	572,709	-	-	572,709
Issue of ordinary shares	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

Notes to the financial statements are included on pages 14 to 18.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2017

	31 December	
	2017	2016
	$	$
Cash flows from operating activities		
Interest received	596,248	141,109
Royalty and licence income received	42,117	39,030
Sales of reagents	-	1,065
Income tax refunded	-	2,643,553
Payments to suppliers, employees and for research and development and intellectual property costs (inclusive of GST)	(10,854,864)	(4,361,241)
Net cash flows used in operating activities	**(10,216,499)**	**(1,536,484)**
Cash flows from investing activities		
Distribution received on disposal of subsidiary	-	171,622
Purchase of plant and equipment	(26,797)	(3,077)
Net cash flows (used in) / provided by investing activities	**(26,797)**	**168,545**
Cash flows from financing activities		
Proceeds from issues of ordinary shares	284,721	8,417
Net cash flows provided by financing activities	**284,721**	**8,417**
Net decrease in cash and cash equivalents	(9,958,575)	(1,359,522)
Net foreign exchange differences	(62,002)	17,293
Cash and cash equivalents at beginning of the period	51,959,906	14,486,403
Cash and cash equivalents at end of the period	**41,939,329**	**13,144,174**

Notes to the financial statements are included on pages 14 to 18.

Notes to the condensed consolidated financial statements
For the half-year ended 31 December 2017

1. Corporate information

The consolidated financial report of Opthea Limited for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 19 February 2018.

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 2017 and considered together with any public announcements made by Opthea Limited during the half-year ended 31 December 2017 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 1048 Interpretation of Standards;
- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses;
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107;

- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016.

Impact of the application of AASB 1048 Interpretation of Standards:
The Group has applied the new principal version of AASB 1048 providing an up-to-date listing of Australian Interpretations, including Interpretation 22 Foreign Currency Transactions and Advance Consideration and Interpretation 23 Uncertainty over Income Tax Treatments.

The application of these amendments has had no impact on the Group's consolidated financial statements as this is a service standard that ensures there is no difference between the status of Interpretations in the hierarchy between IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Impact of the application of AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses:
The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Impact of the application of AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107:
The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

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

Impact of the application of AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016:
Amends AASB 12 Disclosure of Interests in Other Entities to clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Group's consolidated financial statements as the Company's interest in its subsidiary is not classified, or included in a disposal group that is classified, as held for sale.

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. Net finance expense

	31 December 2017 $	31 December 2016 $
Net foreign exchange (losses)/gains	(62,002)	38,297
Financial liabilities at fair value through profit or loss	(398,456)	-
Net finance expense	**(460,458)**	**38,297**

5. Cash and cash equivalents

	31 December 2017 $	30 June 2017 $
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	1,439,329	2,459,906
Short term deposits	40,500,000	49,500,000
	41,939,329	**51,959,906**

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 2.47% (2016 half-year: 2.58%).

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

	Ownership interest		Fair value [1]		Cost of investment	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
Listed investments	%	%	$	$	$	$
Non-current investments						
Antisense Therapeutics Ltd	6.31	6.31	244,576	336,291	3,106,944	3,106,944
Optiscan Imaging Ltd	1.94	2.20	828,515	811,945	786,131	786,131
			1,073,091	**1,148,236**	**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.

7. Financial liabilities

	31 December 2017 $	30 June 2017 $
Financial liabilities at fair value through profit or loss	398,456	-

During the period the Company entered into forward foreign exchange contracts (FECs) with a major Australian bank to purchase US$7.4 million up to 31 December 2018. This was for the sole purpose of reducing the risk of currency fluctuation during the term of US dollar supplier contracts for the delivery of services in respect of the Company's ongoing clinical trials in wAMD and DME. The FECs value at 31 December 2017 based on a mark-to-market valuation was $398,456.

8. Contributed equity

	Number of shares	Share capital $
Ordinary shares fully paid:		
Balance at 1 July 2017	200,574,370	97,853,499
Issue of shares on exercise of options	1,082,300	284,721
Balance at 31 December 2017	**201,656,670**	**98,138,220**

Issued capital at 31 December 2017 amounted to $98,138,220 (201,656,670 fully paid ordinary shares) net of share issue costs, tax and amounts taken to the options reserve. During the half-year, the Company issued 1,000,000 ordinary shares on the exercise of options by Bell Potter Securities and 82,300 ordinary shares in respect of the exercise of quoted options.

9. Reserves

	31 December 2017 $	30 June 2017 $
Options reserve	1,989,067	1,989,067
Share-based payments reserve [1]	2,317,638	2,064,831
Unrealised gains reserve [2]	757,181	832,326
Total reserves	**5,063,886**	**4,886,224**
1.Movements in share-based payments reserve:		
Opening balance	2,064,831	1,198,971
Share-based payments expense	252,807	865,860
Closing balance	**2,317,638**	**2,064,831**
2.Movements in unrealised gains reserve:		
Opening balance	832,326	-
Unrealised (losses)/gains on available for sale assets	(75,145)	832,326
Closing balance	**757,181**	**832,326**

10. Commitments

The Company has entered into research and development contracts with various third parties in respect of services for the Phase 2b wAMD and Phase1b/2a DME clinical trials. Expenditure commitments relating to these and intellectual property license agreements are payable as follows:

	31 December 2017	30 June 2017
	$	$
Within one year	29,425,149	1,251,372
After one year but not more than five years	4,901,035	373,411
After more than five years	192,163	201,642
	34,518,347	**1,826,425**

11. Events subsequent to reporting date

The Company received a Research and Development tax incentive rebate in January 2018 of $2,709,766. Except for this, 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:

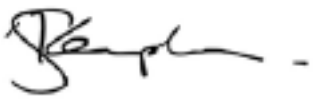
        i. Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

        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 2017.

On behalf of the Board:



Geoffrey Kempler
Chairman
Melbourne
19 February 2018

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 2017, 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 10 to 19.

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 gives 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 2017 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 2017 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*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants
Melbourne, 19 February 2018