

Registered number: 08018355

**ALIMERA SCIENCES LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**



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**ALIMERA SCIENCES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Philip John Ashman Richard S. Eiswirth, Jr. C. Daniel Myers
<b>Company secretary</b>	Taylor Wessing Secretaries Limited
<b>Registered number</b>	08018355
<b>Registered office</b>	Royal Pavilion Wellesley Road Aldershot Hampshire GU11 1PZ
<b>Trading Address</b>	5 New Street Square London EC4A 3TW
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 30 Finsbury Square London EC2A 1AG

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**ALIMERA SCIENCES LIMITED**

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**CONTENTS**

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	Page
<b>Strategic report</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 3</b>
<b>Independent auditor's report</b>	<b>4 - 6</b>
<b>Statement of comprehensive income</b>	<b>7</b>
<b>Statement of financial position</b>	<b>8</b>
<b>Statement of changes in equity</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10 - 23</b>

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## ALIMERA SCIENCES LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Business review

Alimera Sciences Limited (the Company) is a pharmaceutical company that specializes in the commercialization of prescription ophthalmic pharmaceuticals. The Company's only commercially approved product is ILUVIEN, which has been developed to treat diabetic macular oedema (DMO). The Company is headquartered in Aldershot in the United Kingdom.

The Company recorded turnover of €12.2M (2017: €8.5M). In the period the entity received subsidization income from group undertakings. As of the year ended 31 December 2018, the Company had cash and cash equivalents of €2.6M (2017: €2.2M).

The principal activity of the Company is that of sales & marketing, distribution and logistics of ILUVIEN.

#### Principal risks and uncertainties

The Board continually reviews the risks facing the business and ensures those risks are managed appropriately. The key risks identified to the Board in relation to the UK business are:

- Reliance on one prescription ophthalmic product
- Positioning versus competitors in the current market place
- Need for additional financing
- Inability to achieve our strategic objectives

The key risks are regularly assessed by the Board and appropriate processes and controls have been put in place to monitor and mitigate them.

#### Financial key performance indicators

A number of Key Performance Indicators (KPI's) are used by the Company in managing and monitoring business performance. Financial KPI's include liquidity, turnover and overall profitability.

This report was approved by the board on 30 SEPTEMBER 2019 and signed on its behalf.



Richard S. Eiswirth, Jr.  
Director

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**ALIMERA SCIENCES LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

**Results**

The profit for the year, after taxation, amounted to €322,776 (2017 - €123,989).

The directors do not recommend the payment of a dividend.

**Directors**

The directors who served during the year were:

Philip John Ashman  
Richard S. Eiswirth, Jr.  
C. Daniel Myers

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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ALIMERA SCIENCES LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**Disclosure of information to auditor**

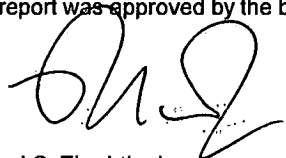
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 SEPTEMBER 2019 and signed on its behalf.



Richard S. Eiswirth, Jr.  
Director



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIMERA SCIENCES LIMITED

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### Opinion

We have audited the financial statements of Alimera Sciences Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that whilst the company generated a profit during the year ended 31 December 2018 and has net current assets as of that date, the company is reliant on the continued support of its parent company for trading revenues and to recover the carrying value of related parties receivables. The financial statements of the Group of which the Company is a part, disclosed significant uncertainty about the Group's future revenues and the ability to continue as a going concern. As stated in note 2.2, these circumstances, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



**Grant Thornton**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIMERA SCIENCES LIMITED  
(CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.





**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIMERA SCIENCES LIMITED  
(CONTINUED)**

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**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

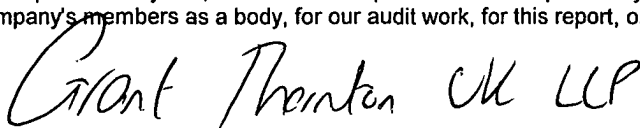
**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Anthony Thomas BSc ACA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Senior Statutory Auditor, Chartered Accountants  
London

Date: 30 SEPTEMBER 2019

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**ALIMERA SCIENCES LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Note	2018 €	2017 €
Turnover	4	12,246,662	8,538,334
Cost of sales		(1,187,806)	(825,957)
<b>Gross profit</b>		<u>11,058,856</u>	<u>7,712,377</u>
Administrative expenses		(10,629,419)	(2,585,925)
<b>Operating profit</b>	5	429,437	5,126,452
Interest payable and expenses	7	(53,722)	(4,918,632)
<b>Profit before tax</b>		<u>375,715</u>	<u>207,820</u>
Tax on profit	8	(52,939)	(83,831)
<b>Profit for the financial year</b>		<u><u>322,776</u></u>	<u><u>123,989</u></u>

There was no other comprehensive income for 2018 (2017:€Nil).

The notes on pages 10 to 23 form part of these financial statements.

**ALIMERA SCIENCES LIMITED**  
**REGISTERED NUMBER:08018355**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 €	2017 €
<b>Fixed assets</b>			
Intangible assets	9	34,038	71,903
Tangible assets	10	37,108	77,444
		<u>71,146</u>	<u>149,347</u>
<b>Current assets</b>			
Stocks	11	805,321	452,534
Debtors	12	79,698,139	68,895,599
Cash at bank and in hand	13	2,583,973	2,244,314
		<u>83,087,433</u>	<u>71,592,447</u>
Creditors: amounts falling due within one year	14	(79,504,642)	(39,195,996)
<b>Net current assets</b>		<u>3,582,791</u>	<u>32,396,451</u>
<b>Total assets less current liabilities</b>		<u>3,653,937</u>	<u>32,545,798</u>
Creditors: amounts falling due after more than one year	15	-	(29,857,002)
<b>Net assets</b>		<u><u>3,653,937</u></u>	<u><u>2,688,796</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	1,201	1,201
Other reserves	19	2,958,699	2,316,334
Profit and loss account	19	694,037	371,261
		<u><u>3,653,937</u></u>	<u><u>2,688,796</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**Richard S. Eiswirth, Jr.**  
 Director

Date: 30 SEPT. 2019

The notes on pages 10 to 23 form part of these financial statements.

**ALIMERA SCIENCES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	€	€	€	€
At 1 January 2018	1,201	2,316,334	371,261	2,688,796
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	322,776	322,776
<b>Total comprehensive income for the year</b>	-	-	322,776	322,776
Share options movement	-	642,365	-	642,365
<b>At 31 December 2018</b>	<b>1,201</b>	<b>2,958,699</b>	<b>694,037</b>	<b>3,653,937</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	€	€	€	€
At 1 January 2017	1,201	1,644,544	247,272	1,893,017
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	123,989	123,989
<b>Total comprehensive income for the year</b>	-	-	123,989	123,989
Share options movement	-	671,790	-	671,790
<b>At 31 December 2017</b>	<b>1,201</b>	<b>2,316,334</b>	<b>371,261</b>	<b>2,688,796</b>

The notes on pages 10 to 23 form part of these financial statements.

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**ALIMERA SCIENCES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. General information**

Alimera Sciences Limited is a private company, limited by shares and is incorporated in England and Wales. It's registered head office is located at Royal Pavilion Wellesley Road, Aldershot, Hampshire, GU11 1PZ.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

As a qualifying entity, the individual accounts of Alimera Sciences Limited have also adopted the following disclosure exemptions under FRS102:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of financial risks
- share based payments
- compensation of Key Management personnel.

The following principal accounting policies have been applied:

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ALIMERA SCIENCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**2. Accounting policies (continued)**

**2.2 Going concern**

The financial statements have been prepared on a going concern basis, which contemplates the realisation assets and the satisfaction of liabilities in the normal course of business. Whilst the Company generated a profit during the year ended 31 December 2018 and has net current assets as of that date, it is reliant upon the support of its parent company for trading revenues and to realise the carrying value of related party receivables.

To date the parent company and the Group of which it is the ultimate parent ('the Group'), has incurred recurring losses, negative cash flow from operations and has an accumulated deficit of earnings. The Group's ability to achieve profitability and positive cash flow is dependent upon its ability to increase revenue and contain its expenses, as well as the ability to comply with debt covenants (see Note 14). In management's opinion, the uncertainty regarding future revenues raises substantial doubt about the ability of the Group, and of the Company, to continue as a going concern without access to additional debt or equity financing, over the course of the next twelve months.

The directors have considered the business plan and potential sources of funding and expect to obtain sufficient funding in the next twelve months to enable the Group and the Company to continue as a going concern. The directors acknowledge that there can be no certainty over achieving the projected revenue and managing the cost base as forecasted, as well as the timing and quantum of future fund raisings.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**2.3 Turnover**

The company performs sales & marketing, distribution and logistics functions. Turnover is recognised in the profit and loss account when goods and services are supplied or made available to customers against orders received and significant risks and rewards of ownership have been transferred to the customer and the amount of turnover can be measured reliably.

Turnover excludes value added tax and other similar taxes. Turnover is stated after the deduction of discounts and allowances for estimated future rebates and returns. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

**2.4 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following basis:

Software	- 3 years
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**ALIMERA SCIENCES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.5 Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	- 5 years
Office equipment	- 5 years
Computer equipment	- 3 years

**2.6 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

**2.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into euros at rates of exchange ruling at the Statement of financial position date.

Transactions in foreign currencies are translated into euros at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of comprehensive income.

**Functional and presentation currency**

The Company's functional and presentational currency is Euros.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

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ALIMERA SCIENCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**2. Accounting policies (continued)**

**2.8 Pensions**

The company contributes to defined contribution schemes in respect of its employees. The schemes are managed independently of the company and the assets of the scheme are held separately in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**2.9 Cash flow**

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 102.

**2.10 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.12 Financial instruments**

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



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ALIMERA SCIENCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**2. Accounting policies (continued)**

**2.14 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.15 Share based payments**

The Company participates in a group share option plan whereby the parent Company grants options to employees of the Company. The grant date fair value of the options applicable to employees of the Company is charged to the Statement of comprehensive income over the vesting period. The fair value of awards is estimated at grant date using a Black-Scholes option-pricing model. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

**2.16 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

**2.17 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

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ALIMERA SCIENCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include the fair valuation of the external debt held at year end, bad debt provision, slow-moving stock provisions, share based payments and deferred taxation.

4. Turnover

Analysis of turnover by country of destination:

	2018 €	2017 €
United Kingdom	2,658,578	2,128,971
Rest of Europe	9,588,084	6,409,363
	<u>12,246,662</u>	<u>8,538,334</u>

Included within sales in the year includes subsidization payment of €1,634,001 (2017: (€3,165,704)) from the parent company, Alimera Sciences Inc.

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**ALIMERA SCIENCES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**5. Operating profit**

The operating profit is stated after charging/(crediting):

	2018 €	2017 €
Research & development charged as an expense	1,513,012	1,444,704
Depreciation of tangible fixed assets	41,360	57,641
Amortisation of intangible assets, including goodwill	37,865	31,685
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	26,083	28,849
Exchange differences	3,334,811	(8,331,177)
Defined contribution pension cost	127,923	93,375
	<u>3,583,653</u>	<u>3,359,324</u>

**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	2018 €	2017 €
Wages and salaries	2,441,082	2,260,295
Social security costs	372,282	333,864
Cost of defined contribution scheme	127,924	93,375
Share-based payments cost	642,365	671,790
	<u>3,583,653</u>	<u>3,359,324</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Sales and administrative	<u>34</u>	<u>30</u>

**7. Interest payable and similar expenses**

	2018 €	2017 €
Other loan interest payable	<u>53,722</u>	<u>4,918,632</u>

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**ALIMERA SCIENCES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**8. Taxation**

	2018 €	2017 €
<b>Corporation tax</b>		
Current tax on profits for the year	283,230	445,337
<b>Deferred tax</b>		
Origination and reversal of timing differences	(230,291)	(361,506)
<b>Taxation on profit on ordinary activities</b>	<u>52,939</u>	<u>83,831</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 €	2017 €
Profit on ordinary activities before tax	<u>375,715</u>	<u>207,820</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	71,386	40,005
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	230,291	405,332
Amounts recognised as deferred tax asset	(230,291)	(361,506)
Other differences leading to an increase (decrease) in the tax charge	(18,447)	-
<b>Total tax charge for the year</b>	<u>52,939</u>	<u>83,831</u>

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ALIMERA SCIENCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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9. Intangible assets

	Software €
<b>Cost</b>	
At 1 January 2018	130,933
At 31 December 2018	<u>130,933</u>
<b>Amortisation</b>	
At 1 January 2018	59,030
Charge for the year	37,865
At 31 December 2018	<u>96,895</u>
<b>Net book value</b>	
At 31 December 2018	<u>34,038</u>
At 31 December 2017	<u>71,903</u>

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**ALIMERA SCIENCES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**10. Tangible fixed assets**

	Long-term leasehold property €	Office equipment €	Computer equipment €	Total €
<b>Cost or valuation</b>				
At 1 January 2018	151,450	20,987	71,720	244,157
Additions	-	-	1,024	1,024
At 31 December 2018	151,450	20,987	72,744	245,181
<b>Depreciation</b>				
At 1 January 2018	91,939	12,767	62,007	166,713
Charge for the year on owned assets	30,290	1,959	9,111	41,360
At 31 December 2018	122,229	14,726	71,118	208,073
<b>Net book value</b>				
At 31 December 2018	29,221	6,261	1,626	37,108
At 31 December 2017	59,511	8,220	9,713	77,444

**11. Stocks**

	2018 €	2017 €
Finished goods and goods for resale	805,321	452,534

The amount of stock recognised as an expense in the year was €920,533 (2017: €737,006).

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ALIMERA SCIENCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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12. Debtors

	2018 €	2017 €
Trade debtors	3,652,181	1,370,427
Amounts owed by group undertakings	74,152,919	66,208,995
Other debtors	620,616	443,586
Prepayments and accrued income	239,731	70,190
Deferred taxation	1,032,692	802,401
	<u>79,698,139</u>	<u>68,895,599</u>

13. Cash and cash equivalents

	2018 €	2017 €
Cash at bank and in hand	<u>2,583,973</u>	<u>2,244,314</u>

14. Creditors: Amounts falling due within one year

	2018 €	2017 €
Bank loans	-	306,232
Trade creditors	845,280	574,876
Amounts owed to group undertakings	76,280,654	36,522,554
Corporation tax	713,716	636,782
Other taxation and social security	531,155	118,222
Accruals and deferred income	1,133,837	1,037,330
	<u>79,504,642</u>	<u>39,195,996</u>

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ALIMERA SCIENCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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15. Creditors: Amounts falling due after more than one year

	2018 €	2017 €
Other loans	-	29,857,002

In January 2018 the external debt facility was repaid by the ultimate parent company and new external financing was obtained by the Group.

Amounts owed to group undertakings are repayable on demand and carry no interest.

16. Financial instruments

	2018 €	2017 €
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	77,792,051	68,023,008
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(80,295,994)	(68,297,994)



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ALIMERA SCIENCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**17. Deferred taxation**

	2018 €	2017 €
At beginning of year	802,401	414,723
Charged to profit or loss	230,291	387,678
<b>At end of year</b>	<b>1,032,692</b>	<b>802,401</b>

The deferred tax asset is made up as follows:

	2018 €	2017 €
Accelerated capital allowances	1,032,692	802,401

**18. Share capital**

	2018 €	2017 €
<b>Allotted, called up and fully paid</b>		
1,201 Ordinary shares of €1 each	1,201	1,201

**19. Reserves**

The entity has the following classes of reserves:

Called-up share capital – represents the nominal value of shares that have been issued.

Other reserves - relates to the recognition of the expense implicit in share options awarded to employees by the ultimate parent of the company for services rendered in the company which has been recognised as an expense in the year.

Profit and loss account - includes all current and prior period retained profit and losses.

**20. Pension commitments**

The company contributes to defined contribution schemes in respect of its employees. The schemes are managed independently of the company and the assets of the scheme are held separately in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to €127,923 (2017: €93,375).

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ALIMERA SCIENCES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**21. Commitments under operating leases**

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 €	2017 €
Not later than 1 year	106,338	242,173
	<u>106,338</u>	<u>242,173</u>

**22. Related party transactions**

The Company has taken advantage of the exemption under FRS 102 Paragraph 33.1A on the basis that the Company is a wholly owned subsidiary of Alimera Sciences, Inc.

**23. Ultimate parent undertaking and controlling party**

The company's immediate parent is Alimera Sciences BV, a company registered in the Netherlands. The ultimate parent is Alimera Sciences, Inc., a company incorporated in the United States which is SEC listed. Alimera Sciences Inc heads both the largest and smallest group undertaking for which consolidated financial statements are prepared.

Copies of the financial statements of Alimera Sciences, Inc. can be obtained from the 6120 Windward Parkway, Suite 290, Alpharetta, GA.