

ALIGN-RITE INTERNATIONAL LIMITED

Annual Report and Financial Statements

For the year ended 31 October 2018



ALIGN-RITE INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

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ALIGN-RITE INTERNATIONAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R E Burr (U.S.A.)

REGISTERED OFFICE

1 Technology Drive
Bridgend
Mid Glamorgan
CF31 3LU

BANKERS

National Westminster Bank
28 Adare Street
Bridgend
CF31 1EN

SOLICITORS

Squire Patton Boggs (UK) LLP
7 Devonshire Square
London
EC2M 4YH

AUDITOR

Deloitte LLP
5 Callaghan Square
Cardiff
United Kingdom

ALIGN-RITE INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 October 2018.

DIRECTORS

The directors, who served throughout the year and subsequently, were as follows:

R E Burr (U.S.A.)

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company. The company did not trade during the current year or the prior year.

FUTURE PROSPECTS

The directors expect that the company will remain as a holding company for the foreseeable future.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

APPROVAL OF REDUCED DISCLOSURES

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's ultimate parent company has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by Photonics Inc, as the immediate parent of the entity.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The company has taken the small company exemption from preparing a Strategic Report as permitted under the Companies Act.

Approved by the Board of Directors
and signed on behalf of the Board.


R E Burr
Director

Date 17 September 2019

ALIGN-RITE INTERNATIONAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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 of the company and of the 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ALIGN-RITE INTERNATIONAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Align-Rite International Limited ('the company'):

- give a true and fair view of the state of the company's affairs as at 31 October 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 9.

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).

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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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 respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ALIGN-RITE INTERNATIONAL LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

David Hedditch

David Hedditch (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom

Date 19 September 2019

ALIGN-RITE INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 October 2018

	Note	2018 £	2017 £
Administrative expenses		(2,511)	(2,504)
OPERATING LOSS	4	(2,511)	(2,504)
Tax on loss	5	-	-
LOSS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDER OF THE COMPANY		<u>(2,511)</u>	<u>(2,504)</u>

The notes on pages 9 to 14 form part of these financial statements

ALIGN-RITE INTERNATIONAL LIMITED

BALANCE SHEET As at 31 October 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Investment in subsidiaries	6	-	-
CURRENT ASSETS			
Cash at bank and in hand		333,231	333,342
		333,231	333,342
CREDITORS: amounts falling due within one year	7	(7,740)	(5,340)
NET CURRENT ASSETS		325,491	328,002
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		325,491	328,002
CAPITAL AND RESERVES			
Called up share capital	8	35,392	35,392
Share premium account		5,176,553	5,176,553
Capital reserve		452,783	452,783
Profit and loss account		(5,339,237)	(5,336,726)
SHAREHOLDER'S FUNDS		325,491	328,002

The notes on pages 9 to 14 form part of these financial statements

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' exemption.

The financial statements have been prepared in accordance with the provisions of Section 1A of FRS 102.

The FRS 102 financial statements of Align-Rite International Limited (registered number 1964887) were approved by the Board of Directors and authorised for issue on 17 September 2019. They were signed on its behalf by:

Richard E Burr

R E Burr
Director

ALIGN-RITE INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY As at 31 October 2018

	Called-up share capital £	Share premium account £	Capital Reserve £	Profit and loss account £	Total £
At 30 October 2016	35,392	5,176,553	452,783	(5,334,222)	330,506
Loss for the financial year	-	-	-	(2,504)	(2,504)
At 29 October 2017	35,392	5,176,553	452,783	(5,336,726)	328,002
Loss for the financial year	-	-	-	(2,511)	(2,511)
At 31 October 2018 total comprehensive income	35,392	5,176,553	452,783	(5,339,237)	325,491

The notes on pages 9 to 14 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2018

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Align-rite International Limited is a company incorporated in the United Kingdom under the Companies Act.

The company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1.

The functional currency of Align-rite International Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Align-rite International Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Align-Rite International Limited is consolidated in the financial statements of its parent, Photronics Inc, which may be obtained at 15 Secor Road, Brookfield, Connecticut, USA 06804. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

b. Going concern

The financial statements have been prepared using the going concern basis of accounting.

c. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2018

1. ACCOUNTING POLICIES (continued)

d. Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences arise between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are included in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

e. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2018

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In the opinion of the directors there are no critical accounting judgements or key sources of estimation uncertainty that have a significant effect of the amounts recognised in the financial statements

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no remuneration for their services to the company in either the current or the prior financial year. The directors are also directors of the ultimate parent company, Photonics Inc. The majority of the directors' activities relate to services carried out in relation to Photonics Inc. and other group companies. Therefore the directors deem it appropriate not to directly allocate any of their costs to the profit and loss account of the company.

Number of employees both years, excluding directors was nil.

4. OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2018	2017
	£	£
Loss before taxation is stated after charging:		
Auditor's remuneration - audit of the statutory financial statements	2,000	2,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2018

5. TAX ON LOSS

Current taxation

	2018	2017
	£	£
United Kingdom corporation tax:		
Current tax on loss for the year at 19% (2017 – 19.41%)	-	-
Prior year tax charge	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

The difference between the total current tax shown above and the amount calculated by applying the blended rate of UK corporation tax to the loss before tax is as follows:

	2018	2017
	£	£
Loss before tax	<u>(2,511)</u>	<u>(2,504)</u>
Tax on loss at 19% (2017 – 19.41%)	477	486
Factors affecting credit for the year		
Group relief	<u>(477)</u>	<u>(486)</u>
Current tax credit for the year	<u>-</u>	<u>-</u>

The Finance Act 2015 includes legislation reducing the main rate of corporation tax from 20% to 19% from 1 April 2017. Finance Act 2016 includes legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. These rates had been substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2018

6. FIXED ASSET INVESTMENT IN SUBSIDIARIES

	£
Cost	
At 31 October 2018 and 29 October 2017	2,696,971
Provisions for impairment	
At 31 October 2018 and 29 October 2017	(2,696,971)
Net book value	
At 31 October 2018 and 29 October 2017	-

The company has the following interests in the equity share capital of its subsidiary at 31 October 2018

Subsidiary company	Country of incorporation, registration and operation	Share description	Aggregate amount of capital and reserves £	Proportion held by the company %
Photronics (Wales) Limited	England and Wales	Ordinary shares	-	99.60

Photronics (Wales) Limited, registered address, One Technology Drive, Bridgend, CF31 3LU, was engaged in the manufacture of photomasks for use in the electronics industry, but is now dormant and therefore had no profits or losses in the year. The directors determined that the investment was impaired as at 31 October 2007. The determination was based on reviewing estimated future cash flows from the investment, of which there are now expected to be none. As a result the company recorded an impairment charge of £2,696,971 in the year ended 31 October 2007 which represents the total value of the investment. The directors consider this to continue to be appropriate as at 29 October 2017.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2017 £
Amounts owed to group undertakings	4,000	2,000
Other creditors	3,740	3,340
	<u>7,740</u>	<u>5,340</u>

8. CALLED UP SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
3,539,237 ordinary shares of 1p each	35,392	35,392

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profit and losses, net of dividends paid and other adjustments.

The gain arising from a historical intragroup transaction has been credited to capital reserves.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2018

9. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Align-Rite International, Inc., a company incorporated in the United States of America.

The ultimate parent company and ultimate controlling party is Photonics Inc., a company incorporated in the United States of America. Copies of the consolidated financial statements of Photonics Inc. may be obtained from the company's offices at 15 Secor Road, Brookfield, Connecticut, USA 06804.

Photonics Inc. is the smallest and largest group into which the results of Align-Rite International Limited are consolidated.