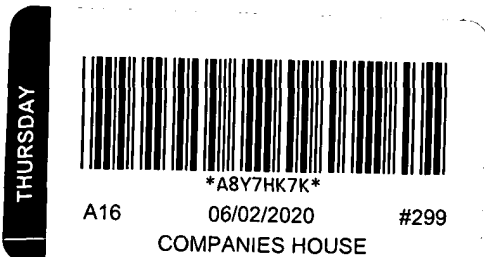


Company registration number: 09958334

**DUALITAS LTD.
(FORMERLY KNOWN AS DAQRI HOLOGRAPHICS LTD)**

Directors' Report and Financial Statements

For the Year Ended 31 December 2018



**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

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**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Directors and other information

Directors	Nationality	Date of Appointment	Date of Resignation
Gregory Casserly	(American)		1 January 2018
Jamieson Christmas	(British)	19 January 2016	
Gautam Jivan Patel	(American)	1 January 2018	
Rishi Nath Reddy	(American)	1 January 2018	

Company Secretary	Registration number
Gravitas Company Secretarial Services Limited	2540309

Registered Office

One New Change, London, EC4M 9AF, United Kingdom

Registered Number of Incorporation

09958334

Solicitors

K&L Gates LLP
One New Change, London, EC4M 9AF, United Kingdom

Bankers

HSBC Bank PLC London – Commercial Banking (CMB)
8 Canada Square, London, E14 5HQ, United Kingdom

J.P. Morgan
1 Knightsbridge, London, SW1X 7LX, United Kingdom

Auditors

Ernst & Young, Chartered Accountants
Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland

DUALITAS LTD. (FORMERLY KNOWN AS DAQRI HOLOGRAPHICS LTD)

Financial Statements for the Year Ended 31 December 2018

Directors' report

The directors present herewith their report and audited financial statements for the year ended 31 December 2018. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The company's registered number of incorporation is 09958334.

PRINCIPAL ACTIVITIES

Dualitas Ltd. (formerly known as DAQRI Holographics Ltd) ('the company') is a wholly owned subsidiary of Dualitas Holdings Ltd (collectively, the "Dualitas group"), a company incorporated in the United Kingdom. Until 3 May 2018, the immediate parent company was Envisics Holdings Ltd (the "Envisics group").

Effective 1 January 2018, the ultimate parent undertaking and controlling party is Lightfield Holdings, LP (the 'Dualitas group'), a company formed in the United States of America. The principal activity of the company is to carry on the business of developing technology to deliver holographic/augmented reality products and services, with a focus on the non-automotive industry.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

During 2018, the Envisics group underwent a group reorganisation in which Envisics Holdings Ltd entered into certain transactions to align its subsidiaries with the relevant core business strategies including technology specific to automotive applications and technology to be applied in fields other than automotive. To that end, in 2018 the Dualitas group was formed to focus on technology to be applied in fields other than automotive, while the core business strategy of the Envisics group relates to technology specific to automotive applications. The newly formed Dualitas group was formed under the same ultimate parent Light Field Holdings, LP. The group reorganisation transactions were completed on 3 May 2018, in which Envisics Holdings Ltd acquired 100% of the share capital of Envisics Ltd from Dualitas Ltd and sold 100% of the share capital of Dualitas Ltd to Dualitas Holdings Ltd.

The company incurred a loss of £4,504,590 (2017: £8,311,248) during the year ended 31 December 2018. The directors consider the financial position as indicated on the company statement of financial position on page 11 to be satisfactory.

RESULTS FOR THE PERIOD AND DIVIDENDS

The income statement for the year ended 31 December 2018 and the statement of financial position at that date are set out on pages 8 and 11 respectively. During the year, the Company incurred a loss before tax of £4,411,388 (2017: £8,396,806). After charging taxation of £93,222 (2017: tax credit of £85,558), an amount of £4,504,590 (2017: £8,311,248) was debited to reserves. Equity as at 31 December 2018 amounted to £6,483,180 (2017: £9,192,490).

No dividends were declared or paid by the company during the year ended 31 December 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider that the principal risk facing the company that could materially and adversely affect the company's future profit or financial position is the risk that the company's services will no longer be required by the Dualitas group. The commercial success of the Dualitas Group is dependent on the growth in customer adoption of new augmented reality technology related products and services. Other risks include, technology being superseded and loss of key staff.

HEALTH AND SAFETY OF EMPLOYEES

The wellbeing of the company's employees is safeguarded through strict adherence to health and safety standards. Health and safety legislation imposes certain requirements on employers and the company has taken the necessary action to ensure that it complies with the legislation, including the adoption of a Safety Statement.

ENVIRONMENTAL MATTERS

The company will seek to minimise adverse impacts on the environment from its activities, while continuing to address health, safety and economic issues. The company has complied with all legislation and regulations.

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Directors' report (continued)

FUTURE DEVELOPMENTS

No significant future developments are planned by the company.

RESEARCH AND DEVELOPMENT

The company is engaged in research and development activities to support product development and incurred research and development costs of £253,486 (2017: £5,851,217).

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- The directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant information and to establish that the company's auditors are aware of that information.

IMPORTANT EVENTS SINCE THE BALANCE SHEET DATE

There have been no significant events affecting the company since the year end.

DIRECTORS, COMPANY SECRETARY AND THEIR INTERESTS

The present directors are as listed on page 1.

The directors and secretary held no interest in the company requiring disclosure.

DIRECTORS' LIABILITIES

No liabilities subsisted to directors of the company throughout the year, and no indemnity provisions have been granted to any director during the year. No such indemnity provisions are in force as at the signing of the Director's report.

GOING CONCERN

The directors have considered whether it is appropriate to prepare the financial statements on the basis that the company is a going concern. In considering this matter the directors have reviewed the going concern basis in light of the expected future trading results of the company and the cash position of the company. In addition, shareholders of the company's ultimate parent company have confirmed their intention to provide financial support to enable the company to continue to trade for at least 12 months from the date of approval of these financial statements. Therefore, the directors have prepared the financial statements on a going concern basis.

POLITICAL DONATIONS

No political donations were made by the company during the year.

AUDITORS

The auditors, Ernst & Young, Chartered Accountants, were appointed in the previous accounting period and will continue in office in accordance with Section 485 of the Companies Act 2006.

On behalf of the board of directors



Director
Date:

JAMIESON CHRISTMAS

4th FEB 2020

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Directors' responsibilities statement


The directors are responsible for preparing 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 that give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year, and of the profit or loss of the company for the financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (accounting standards issued by the Financial Reporting Council including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK' and UK law). 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 year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 and
- 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.

On behalf of the board of directors:


Director **JAMIESON CHRISTMAS**

Date: **4th FEB 2020**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUALITAS LTD

Opinion

We have audited the financial statements of Dualitas Ltd ('the company') for the year ended 31 December 2018 which comprise the income statement, the statement of comprehensive loss, the statement of changes in equity, the statement of financial position, the statement of cash flows and the related notes 1 to 19, 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 FRS 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 company's affairs as at 31 December 2018 and of its loss 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 below. 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Continued /

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUALITAS LTD (continued)

Other information

The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 directors' report.

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
- the financial statements are not in agreement with the accounting records; 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.

Continued /

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUALITAS LTD (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 <https://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.

Ernst & Young

Marie Treacy (Senior Statutory Auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Dublin, Ireland

Date: 4 FEBRUARY 2020

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Income statement

For the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	2	50,000	203,709
Cost of sales		(264,792)	(223,161)
Gross loss		(214,792)	(19,452)
Research and development expenses		(253,486)	(5,851,217)
Administrative expenses		(3,173,382)	(2,756,872)
Operating loss	3	(3,641,660)	(8,627,541)
(Loss)/profit on disposal of financial asset	10	(769,708)	243,140
Interest payable and similar charges	6	-	(12,405)
Loss on ordinary activities before taxation		(4,411,368)	(8,396,806)
Tax on loss on ordinary activities	7	(93,222)	85,558
Loss on ordinary activities after taxation		(4,504,590)	(8,311,248)

The results for the years shown above are derived entirely from continuing activities.

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Statement of comprehensive loss

For the year ended 31 December 2018

	2018 £	2017 £
Loss for the year	(4,504,590)	(8,311,248)
Other comprehensive income	-	-
Total comprehensive loss for the year	(4,504,590)	(8,311,248)

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Statement of changes in equity

For the year ended 31 December 2018

	Called-up share capital presented as equity £	Capital contributions £	Profit and loss account £	Total shareholder's equity £
At 31 December 2017	100	24,973,932	15,781,542	9,192,490
Loss for the year	-	-	(4,504,590)	(4,504,590)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(4,504,590)	(4,504,590)
Capital contributions	-	1,795,280	-	1,795,280
At 31 December 2018	100	26,769,212	120,286,132	6,483,180


**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Statement of financial position

At 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	9	5,154,040	7,390,571
Tangible assets	8	496,895	672,401
Financial assets	10	137,500	137,600
		5,788,535	8,200,572
Current assets			
Debtors (amounts falling due within one year)	11	825,120	884,306
Cash at bank and in hand	15 (b)	180,850	1,249,088
		1,005,970	2,133,394
Creditors (amounts falling due within one year)	12	(311,325)	(1,141,476)
Net current assets		694,645	991,918
Net assets		6,483,180	9,192,490
Capital and reserves			
Called up share capital presented as equity	13	100	100
Capital contributions	13	26,769,212	24,973,932
Profit and loss account		(20,286,132)	(15,781,542)
Total shareholder's deficit		6,483,180	9,192,490

On behalf of the board of directors


Director
Date: JAMIESON CHRISTMAS
4th FEB 2020

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Statement of cash flows

For the year ended 31 December 2018

	Notes	2018 £	2017 £
Cash generated from operations	15 (a)	(1,851,197)	(7,735,805)
Tax paid		(80,751)	-
Net cash outflow from operating activities		(1,931,948)	(7,735,805)
Investing activities			
Acquisition of investments		(769,708)	(842,809)
Disposal of investments		100	-
Purchase of intangible assets		(188,422)	(201,456)
Disposal of intangible assets		11	-
Purchase of tangible fixed assets		(8,490)	(419,574)
Disposal of tangible fixed assets		34,839	6,252
Net cash outflow from investing activities		(931,570)	(1,341,664)
Financing activities			
Capital contributions		1,795,280	9,316,584
Net cash flow from financing activities		1,795,280	9,316,584
(Decrease)/increase in cash and cash equivalents		1,068,238	1,239,115
Cash and cash equivalents at the beginning of the year		1,249,088	9,973
Cash and cash equivalents at the end of the year	15 (b)	180,850	1,249,088

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Notes to the financial statements

1. Accounting policies

Statement of compliance and going concern

Dualitas Ltd. (formerly known as DAQRI Holographics Ltd) is a limited liability company incorporated in UK. The Registered Office is 5th Floor One New Change, London, United Kingdom, EC4M 9AF. The registered number of the company is 09958334 and it is domiciled in the United Kingdom.

The financial statements have been prepared in accordance with applicable accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in England and Wales, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (Generally Accepted Accounting Practice in UK)".

The directors have considered whether it is appropriate to prepare the financial statements on the basis that the company is a going concern. In considering this matter the directors have reviewed the going concern basis in light of the expected future trading results of the company and the cash position of the company. In addition, shareholders of the company's ultimate parent company have confirmed their intention to provide financial support to enable the company to continue to trade for at least 12 months from the date of approval of these financial statements. Therefore, the directors have prepared the financial statements on a going concern basis.

Basis of preparation and change in accounting policy

The financial statements of Dualitas Ltd. were authorised for issue by the Board of Directors on 4th February 2020.

The financial statements are prepared in Great Britain Pounds Sterling ('£') which is the functional and presentational currency of the company.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements in accounting policies listed below:

- a) Impairment of non-financial assets
- b) Impairment of financial assets
- c) Taxation

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Notes to the financial statements (continued)

1. Accounting policies (continued)

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold improvements	Over 10 years
Furniture and fixtures	Over 7 years
Plant and machinery	Over 3 years
Computer and other equipment	Over 3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised. Amortisation is provided on all intangible assets, at rates calculated to write off the cost of each asset on a systematic basis over its expected useful life as follows:

Goodwill	Over 5 years
Intellectual property	Over 5 years
Software	Over 3 years
Patents	Over 5 years

Financial assets

Investments in subsidiary undertakings are shown at cost in the financial statements unless they are impaired in which case they are recorded at their recoverable amount. The recoverable amount is measured as the higher of fair value less costs of disposal or value in use. If either the fair value less cost of disposal or the value in use is above the carrying amount of the investment, no impairment has occurred. If the fair value less cost of disposal cannot be determined, then the recoverable amount is the value in use. Determining the value in use of an investment requires estimates of future cash flows, timing of those future cash flows, interest rates, and cost of capital.

Impairment of financial assets

The company assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in the Income Statement.

Debtors

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

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Notes to the financial statements (continued)

1. Accounting policies (continued)

Research and development

Research and development expenditure is written off to the profit and loss account in the period in which it is incurred.

Provisions for liabilities

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the statement of financial position date, dividends have been accrued as receivable.
- Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Tax provisions

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2018

Notes to the financial statements (continued)

1. Accounting policies (continued)

Operating leases

Rents payable in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised to the following applicable break date in the lease.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

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.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT and other sales taxes or duty.

Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Business combinations

Business combinations deemed as being under common control are accounted for using the merger accounting method under FRS 102. A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Transfers of assets and liabilities to another acquiring group entity are treated as a continuation of the business previously carried out by the purchased entity in the acquiring entity's books and records, and as such are recognised at the carrying value.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

The company derived its revenue from royalties with a smaller number of customers last year, and from inter company management charges this year

3. Operating loss

This is stated after charging/(crediting):	2018 £	2017 £
Depreciation charge (note 8)	148,957	112,578
Amortisation of intangible assets (note 9)	2,424,942	2,380,463
Research and development expenditure	253,488	5,851,217
Foreign exchange differences	3,331	(117,128)
Loss/(gain) on disposal of investments	769,708	(243,140)
Auditor's remuneration	15,000	15,000

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Notes to the financial statements (continued)

4. Auditor's remuneration

The remuneration of the statutory auditor is further analysed as follows:

	2018 £	2017 £
Audit of financial statements	15,000	15,000
Taxation advisory services	-	-
Other non-audit services	-	-

6. Staff costs

The average number of employees during the year was 1 (2017: 24) and is analysed into the following categories:

(a) Staff costs

	2018 No.	2017 No.
Research and development	-	22
Administration	1	2
	1	24

	2018 £	2017 £
Wages and salaries	224,018	1,643,461
Pensions	7,088	14,978
Social welfare costs	29,479	231,715
	260,585	1,890,154

(b) Directors' remuneration

	2018 £	2017 £
Aggregate emoluments in respect of qualifying services	-	200,000

There was no director in the company that accrued any benefit under the defined contribution pension scheme during the current period.

6. Interest payable and similar charges

	2018 £	2017 £
Interest payable and similar charges	-	12,405

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Notes to the financial statements (continued)

7. Tax

(a) Tax charged in the income statement:

The tax charge is made up as follows:

	2018 £	2017 £
Current tax		
UK corporation tax on loss for the year	-	-
Adjustment in respect of previous periods	-	85,558
Overseas taxation	(93,222)	-
Total current tax (charge)/credit	(93,222)	85,558
Deferred tax		
Accelerated capital allowances	-	-
Total deferred tax	-	-
Tax (charge)/credit on loss on ordinary activities	(93,222)	85,558

(b) Reconciliation of the total tax charge

The tax charge in the income statement for the year differs from the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	2018 £	2017 £
Loss before income tax	(4,411,368)	(8,396,806)
Tax calculated at UK standard rate of corporation tax of 19.0% (2017: 19.30%)	(838,160)	(1,620,584)
Expenses not deductible for tax purposes	205,736	79,745
Adjustment in respect of previous periods	-	85,558
Overseas taxation	(93,222)	-
Deferred tax not recognised	632,424	1,540,839
Tax (charge)/credit on loss on ordinary activities	(93,222)	85,558

(c) Factors that may affect future tax charges

Finance Bill 2015 proposed two changes to the future mainstream corporation tax rate. From 1 April 2017 the rate will reduce from 20% to 19% and from 1 April 2020 the rate was proposed to reduce further to 18%. Finance Bill 2016 announced a change to the proposed reductions, with the rate proposed to fall to 17% on 1 April 2020.

The effect on the company of these proposed changes to the UK tax system will be reflected in the company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

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Notes to the financial statements (continued)

7. Tax (continued)

(d) Deferred tax

	2018 £	2017 £
The deferred tax included in the balance sheet is as follows:		
Deferred tax liability	-	-

The deferred tax assets not recognised in the balance sheet as at 31 December 2018 amounted to £2,836,555 (2017 : £2,436,376) and pertains to deferred taxes on timing difference in respect of capital allowances and losses carried forward. Management do not expect this amount to be realised against taxable profits in the foreseeable future.

8. Tangible assets

	Computer and other equipment £	Plant and machinery £	Furniture and fixtures £	Leasehold improvements £	Total £
<i>Cost</i>					
At 1 January 2018	103,451	241,766	62,935	396,443	804,595
Additions	-	-	-	8,490	8,490
Disposals	-	(34,939)	-	-	(34,939)
At 31 December 2018	103,451	206,827	62,935	404,933	778,146
<i>Depreciation</i>					
At 1 January 2018	37,612	47,818	9,205	37,559	132,194
Charge for the period	32,559	68,942	8,991	38,465	148,957
At 31 December 2018	70,171	116,760	18,196	76,024	281,151
<i>Net book value</i>					
At 31 December 2018	33,280	90,067	44,739	328,909	496,995
At 31 December 2017	65,839	193,948	53,730	358,884	672,401

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Notes to the financial statements (continued)

9. Intangible assets

	Goodwill	Intellectual property	Software	Patents	Total
	£	£	£	£	£
<i>Cost</i>					
At 1 January 2018	1,587,283	9,938,754	129,488	283,226	11,948,751
Additions	-	-	-	188,422	188,422
Disposals	-	-	-	(11)	(11)
At 31 December 2018	1,587,283	9,938,754	129,488	481,637	12,137,162
<i>Amortisation</i>					
At 1 January 2018	641,853	3,825,971	61,858	28,698	4,558,180
Provided during the year	317,457	1,987,751	38,398	81,338	2,424,942
At 31 December 2018	959,310	5,813,722	100,054	110,036	6,983,122
<i>Net book value</i>					
At 31 December 2018	627,973	4,125,032	29,434	371,601	5,154,040
<i>Net book value</i>					
At 31 December 2017	945,430	6,112,783	67,830	264,528	7,390,571

10. Financial assets

	2018 Shares in group undertakings £
<i>Cost</i>	
At 1 January 2018	137,600
Additions	769,708
Disposals	769,808
At 31 December 2018	137,500
<i>Net Book Value</i>	
At 31 December 2018 and 2017	137,500

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Notes to the financial statements (continued)

10. Financial assets (continued)

In the opinion of the directors, the market value of the above investments is not less than the cost. The company reviewed the carrying value of investments as of year-end and concluded, given the support of the shareholders of the parent company regarding recovery of the same, there is no impairment during the year.

The investments consist of the ownership of the following:

Name of subsidiary	Country	Holdings at 31 December 2018	Holdings at 31 December 2017
Two Trees Photonics Ltd.	United Kingdom	100%	100%
Envisics Ltd (formerly known as DAQRI Automotive Ltd)	United Kingdom	0%	100%

Envisics Ltd (formerly known as Daqri Automotive Ltd)

On 3 May 2018, the company disposed its investment in Envisics Ltd by sale of 100 ordinary shares at £1 each to Envisics Holdings Ltd, an entity owned by the ultimate parent company. The loss on disposal of this investment amounted to £769,708.

The registered office of Envisics Ltd is 5th floor, One New Change, London, United Kingdom, EC4M 9AF. Envisics Ltd is engaged in the business of developing technology to deliver holographic/augmented reality products and services.

Two Trees Photonics Ltd

The registered office of Two Trees Photonics Ltd is 5th Floor One New Change, London, United Kingdom, EC4M 9AF. Two Trees Photonics Ltd is a licensing entity and patent holder for the cross license patents with Alps Electric & Cambridge Enterprises.

11. Debtors (amounts falling due within one year)

	2018 £	2017 £
Trade debtors	-	63,606
Amounts owed by group undertakings (note 16)	583,696	455,919
VAT recoverable	56,806	47,036
Other debtors	184,618	317,745
	825,120	884,306

Amounts due from group undertakings are non-interest bearing and are repayable on demand.

12. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	21,889	121,995
Accruals	-	182,524
Amounts owed to group undertakings (note 16)	218,994	699,409
Other taxes and social security costs	21,963	79,323
Overseas tax	46,737	34,266
Other creditors	1,742	23,959
	311,325	1,141,476

Amounts due to group undertakings are non-interest bearing and are repayable on demand.

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Notes to the financial statements (continued)

13. Allotted and issued share capital

<i>Allotted, called up and fully paid</i>	2018	2017
	£	£
100 ordinary shares of £1 each	100	100

There is a single class of equity shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

A description of each reserve within equity is outlined below:

Capital contribution

This reserve represents the financing received by the company from its parent and ultimate parent companies. During 2018, the company received total capital contributions amounting to £1,795,280 (2017: £9,316,584) which were used to fund the working capital.

14. Commitments under operating leases

At 31 December 2018, the company has future minimum lease payments on office buildings due under non-cancellable operating leases as follows:

	2018	2017
	£	£
Payment due		
Not later than 1 year	153,765	153,765
Later than 1 year and not later than 5 years	209,373	363,138
Greater than 5 years	-	-
	363,138	516,903

15. Notes to the statement of cash flows

(a) Reconciliation of loss to net cash outflow from operating activities

	2018	2017
	£	£
Loss for the period	(4,504,590)	(8,311,248)
Adjustments to reconcile loss for the year to net cash outflow from operating activities		
Depreciation tangible fixed assets	148,957	112,578
Amortisation of intangible assets	2,424,942	2,380,463
Loss (profit) on disposal of investments	769,708	(243,140)
	3,343,607	2,249,901
Working capital movements		
Decrease in debtors	59,188	130,174
Decrease in creditors	(749,400)	(1,804,632)
	(690,212)	(1,674,458)
Net cash outflow from operating activities	(1,851,197)	(7,735,805)

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Notes to the financial statements (continued)

15. Notes to the statement of cash flows (continued)

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2018 £	2017 £
Cash at bank and in hand	180,850	1,249,088
Cash and cash equivalents	180,850	1,249,088

16. Related party transactions

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices which are equivalent to those that prevail in arm's length transactions. The company has not provided or benefited from any guarantees for any related party receivables or payables. For the year ended 31 December 2018, the company has not recorded any impairment of receivables relating to amounts owed to related parties. This assessment was undertaken through examining the financial position of the related party and the market in which the related party operates.

Balances at 31 December 2018

As at 31 December 2018 amounts due to group undertakings amounted to £ 218,894 (2017 £699,409).

	2018 £	2017 £
Dualitas Holdings Ltd	30,000	-
Two Trees Photonics Ltd	-	10,043
Envisics Ltd	188,994	604,502
Daqri LLC	-	69,767
Daqri Labs Limited	-	15,097
	218,994	699,409

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Notes to the financial statements (continued)

16. Related party transactions (continued)

Balances at 31 December 2018

As at 31 December 2018 amounts due from group undertakings amounted to £ 583,696
(2017 £440,821).

	2018	2017
	£	£
Two Trees Photonics Ltd	294,191	291,274
Envisics LLC	289,505	-
DAQRI LABS Limited	-	85,558
DAQRI Holographics Research Centre GmbH & Co KG	-	79,087
	583,696	455,919

The company has availed of the exemption contained in FRS 102 in respect of subsidiary undertakings 100% or more of those voting rights are controlled within the group.

17. Parent undertaking and controlling party

The immediate parent undertaking is Dualitas Holdings Ltd a company registered in United Kingdom.

The ultimate parent undertaking and controlling party of the company is Lightfield Holdings, LP, a company formed in the United States of America.

18. Events after the reporting period

There have been no significant events affecting the company since the period end.

19. Approval of financial statements

The financial statement were approved by the directors on 4th February 2020.