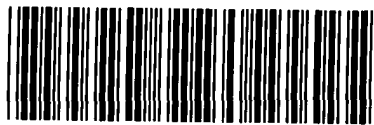


Company registration number: 09958334

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

Directors' Report and Financial Statements

For the Year Ended 31 December 2017

THU	WEDNESDAY	
		A7Z7PUB4
	A12	13/02/2019 #431
	COMPANIES HOUSE	

		A7YSFM03
	A13	07/02/2019 #333
	COMPANIES HOUSE	

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Contents

Directors and other information	1
Directors' report	2
Directors' responsibilities statement	4
Independent auditor's report to the members	5
Income Statement	8
Statement of comprehensive loss	9
Statement of changes in equity	10
Statement of financial position	11
Statement of cash flows	12
Notes to the financial statements	13

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Directors and other information

Directors	Nationality	Date of Appointment	Date of Resignation
Gregory Casserly	(American)	19 January 2016	1 January 2018
Jamieson Christmas	(British)	19 January 2016	
David Hayes	(British)	19 January 2016	30 August 2017
Brian Mullins	(American)	19 January 2016	9 October 2017
Gautam Jivan Patel	(American)	1 January 2018	
Rishi Nath Reddy	(American)	1 January 2018	

Company Secretary	Registration number	Date of Appointment
Gravitas Company Secretarial Services Limited	2540309	19 January 2016

Registered Office

5th Floor One New Change, London, England, EC4M 9AF

Registered Number of Incorporation

09958334

Solicitors

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

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 2017

Directors' report

The directors present herewith their report and audited financial statements for the year ended 31 December 2017. 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 Envisics Holdings Ltd (formerly known as DHG Holdings Ltd), a company incorporated in the United Kingdom. Effective 1 January 2018, the ultimate parent undertaking and controlling party is Lightfield Holdings, LP (the 'Envisics 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 automotive industry.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The company incurred a loss of £8,311,248 during the year ended 31 December 2017. This is mainly due to costs incurred for setting up the operations of the company. The directors consider the financial position as indicated on the company statement of financial position on page 11 to be satisfactory.

RESULTS FOR THE YEAR AND DIVIDENDS

The income statement for the year ended 31 December 2017 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 £8,396,806 (2016: £7,436,028). After crediting taxation of £85,558 (2016: debit of £34,266), an amount of £8,311,248 (2016: £7,470,294) was debited to reserves. Equity as at 31 December 2017 amounted to £9,192,490 (2016: £8,187,154).

No dividends were declared or paid by the company during the year ended 31 December 2017.

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 Envisics group. The commercial success of the Envisics Group is dependent on the growth in customer adoption of new augmented reality technology related products and services. Other risks include, technology being superseded, loss of key staff and loss of far eastern supply chain.

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.

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 £5,851,217 (2016: £2,808,856) during the year.

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Directors' report (continued)

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who are directors at the time when this Directors' report 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

UK company law requires the directors to consider 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, and believe the company to have a positive trading outlook. The members of the company have confirmed their intention to arrange the necessary 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 **Dr Jamieson Christmas**
Date: 31 January 2019

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

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. 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 Financial Reporting Standard 102 (FRS 102). 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 those 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


Dr Jamieson Christmas

Date:

31 January 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF DUALITAS LTD.

Opinion

We have audited the financial statements of Dualitas Ltd. (formerly known as DAQRI Holographics Ltd) ('the company') for the year ended 31 December 2017 which comprise the income statement, the statement of comprehensive income, 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 2017 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.

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.

Continued /

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

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.

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.

Continued /



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

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.

Marie Treacy

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

Date: 5 February 2019

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Income Statement

For the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	2	203,709	-
Cost of sales		(223,161)	-
Gross loss		(19,452)	-
Research and development expenses		(5,851,217)	(2,808,856)
Administrative expenses		(2,756,872)	(4,624,499)
Operating loss	3	(8,627,541)	(7,433,355)
Profit on disposal of financial assets	10	243,140	-
Interest and similar income		-	7
Interest payable and similar charges	6	(12,405)	(2,680)
Loss on ordinary activities before taxation		(8,396,806)	(7,436,028)
Tax on loss on ordinary activities	7	85,558	(34,266)
Loss on ordinary activities after taxation		(8,311,248)	(7,470,294)

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

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Statement of comprehensive loss

For the year ended 31 December 2017

	2017	2016
	£	£
Loss for the period	(8,311,248)	(7,470,294)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(8,311,248)</u>	<u>(7,470,294)</u>

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Statement of changes in equity

For the year ended 31 December 2017

	Called-up share capital presented as equity £	Capital contributions £	Profit and loss account £	Total shareholder's equity £
Share capital issued as at 31 December 2016	100	15,657,348	(7,470,294)	8,187,154
Loss for the period	-	-	(8,311,248)	(8,311,248)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(8,311,248)	(8,311,248)
Capital contribution from Envisics Holdings Ltd (formerly DHG Holdings Ltd)	-	9,316,584	-	9,316,584
At 31 December 2017	100	24,973,932	(15,781,542)	9,192,490

DUALITAS LTD. (FORMERLY KNOWN AS DAQRI HOLOGRAPHICS LTD)
Financial Statements for the Year Ended 31 December 2017

Statement of financial position

At 31 December 2017

	Notes	2017 £	2016 £
Fixed assets			
Intangible assets	9	7,390,571	9,575,830
Tangible assets	8	672,401	365,405
Financial assets	10	137,600	167,574
		<u>8,200,572</u>	<u>10,108,809</u>
Current assets			
Debtors (amounts falling due within one year)	11	884,306	1,014,480
Cash at bank and in hand	15 (b)	1,249,088	9,973
		<u>2,133,394</u>	<u>1,024,453</u>
Creditors (amounts falling due within one year)	12	(1,141,476)	(2,946,108)
Net current assets (liabilities)		<u>991,918</u>	<u>(1,921,655)</u>
Net assets		<u>9,192,490</u>	<u>8,187,154</u>
Capital and reserves			
Called up share capital presented as equity	13	100	100
Capital contribution	13	24,973,932	15,657,348
Profit and loss account		<u>(15,781,542)</u>	<u>(7,470,294)</u>
Total shareholder's funds		<u>9,192,490</u>	<u>8,187,154</u>

On behalf of the board of directors


 Director Dr Jamieson Christmas
 Date: 31 January 2019

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Statement of cash flows

For the year ended 31 December 2017

	Notes	2017 £	2016 £
Net cash outflow from operating activities	15 (a)	(7,735,805)	(3,341,340)
<i>Investing activities</i>			
Interest received		-	7
Payments to acquire investments		-	(167,574)
Capital contributions paid		(842,809)	-
Payments to acquire intangible assets		(201,456)	(11,753,547)
Payments to acquire tangible fixed assets		(419,574)	(385,021)
Sale of intangible fixed assets		6,252	-
Sale of financial assets		1,115,923	-
Net cash outflow from investing activities		<u>(341,664)</u>	<u>(12,306,135)</u>
<i>Financing activities</i>			
Capital contributions		9,316,584	15,657,348
Issue of ordinary share capital		-	100
Net cash flow from financing activities		<u>9,316,584</u>	<u>15,657,448</u>
Increase in cash and cash equivalents		<u>1,239,115</u>	<u>9,973</u>
Cash and cash equivalents at the beginning of the period		9,973	-
Cash and cash equivalents at the end of the period	15 (b)	<u>1,249,088</u>	<u>9,973</u>

DUALITAS LTD. (FORMERLY KNOWN AS DAQRI HOLOGRAPHICS LTD)

Financial Statements for the Year Ended 31 December 2017

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 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)".

UK company law requires the directors to consider 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, and believe the company to have a positive trading outlook. The members of the company have confirmed their intention to arrange the necessary 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 31 January 2019.

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) 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 2017

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 derecognition 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 2017

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 2017

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.

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 derives all its revenue from royalties with a smaller number of customers.

3. Operating loss

This is stated after charging/(crediting):	2017	2016
	£	£
Depreciation charge (note 8)	112,578	19,616
Amortisation of intangible assets (note 9)	2,380,463	2,177,717
Research and development expenditure	5,851,217	2,808,856
Foreign exchange differences	(117,128)	548,572
Gain on disposal of investments	(243,140)	-
Auditor's remuneration	15,000	15,000

4. Auditor's remuneration

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

	2017	2016
	£	£
Audit of financial statements	15,000	15,000
Taxation advisory services	-	-
Other non-audit services	-	-

5. Staff costs

The average number of employees during the year was 24 (2016: 12) and is analysed into the following categories:

(a) Staff costs

	2017	2016
	No.	No.
Research and development	22	10
Administration	2	2
	24	12

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Notes to the financial statements (continued)

5. Staff costs (continued)

	2017 £	2016 £
Wages and salaries	1,658,439	867,638
Social welfare costs	231,715	104,825
	<u>1,890,154</u>	<u>972,463</u>

(b) Directors' remuneration

	2017 £	2016 £
Aggregate emoluments in respect of qualifying services	<u>200,000</u>	<u>202,083</u>

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

	2017 £	2016 £
Interest payable and similar charges	<u>12,405</u>	<u>2,680</u>

7. Tax

- (a) Tax (credit)/charge in the income statement:**
The tax (credit)/charge is made up as follows:

	2017 £	2016 £
Current tax		
UK corporation tax on loss for the year	-	-
Foreign tax suffered	-	34,266
Adjustment in respect of previous periods	(85,558)	-
Total current tax	<u>(85,558)</u>	<u>34,266</u>
Deferred tax		
Accelerated capital allowances	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax (credit)/charge on loss on ordinary activities	<u>(85,558)</u>	<u>34,266</u>

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Notes to the financial statements (continued)

7. Tax (continued)

(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 19.3 %. The differences are reconciled below:

	2017 £	2016 £
Loss before income tax	(8,396,806)	(7,436,028)
Tax calculated at UK standard rate of corporation tax of 19.3% (2016: 20.20%)	(1,620,584)	(1,487,206)
Foreign tax	-	34,266
Expenses not deductible for tax purposes	79,745	253,643
Adjustment in respect of previous periods	(85,558)	-
Deferred tax not recognised	1,540,839	1,233,563
Tax charge on loss on ordinary activities	<u>(85,558)</u>	<u>34,266</u>

Factors that may affect future tax charges

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017. The Finance Act 2016 includes legislation which will reduce the tax rate further to 17% from 1 April 2020. This became law when The Finance Act 2016 received Royal Assent on 15 September 2016.

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.

(c) Deferred tax

	2017 £	2016 £
The deferred tax included in the balance sheet is as follows:		
Deferred tax liability	<u>-</u>	<u>-</u>

The deferred tax assets not recognised in the balance sheet as at 31 December 2017 amounted to £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.

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Notes to the financial statements (continued)

8. Tangible assets

	Computer and other equipment £	Plant and machinery £	Furniture and fixtures £	Leasehold improvements £	Total £
<i>Cost</i>					
At 1 January 2017	77,274	73,021	42,500	192,226	385,021
Additions	26,177	168,745	20,435	204,217	419,574
At 31 December 2017	103,451	241,766	62,935	396,443	804,595
<i>Depreciation</i>					
At 1 January 2017	9,354	4,420	1,022	4,820	19,616
Charge for the period	28,258	43,398	8,183	32,739	112,578
At 31 December 2017	37,612	47,818	9,205	37,559	132,194
<i>Net book value</i>					
At 31 December 2017	65,839	193,948	53,730	358,884	672,401
<i>Net book value</i>					
At 31 December 2016	67,920	68,601	41,478	187,406	365,405

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Notes to the financial statements (continued)

9. Intangible assets

	Goodwill	Intellectual property	Software	Patents	Total
	£	£	£	£	£
<i>Cost</i>					
At 1 January 2017	1,587,283	9,938,754	135,740	91,770	11,753,547
Additions	-	-	-	201,456	201,456
Disposals	-	-	(6,252)	-	(6,252)
At 31 December 2017	1,587,283	9,938,754	129,488	293,226	11,948,751
<i>Amortisation</i>					
At 1 January 2017	317,457	1,838,220	19,961	2,079	2,177,717
Provided during the year	324,396	1,987,751	41,697	26,619	2,380,463
At 31 December 2017	641,853	3,825,971	61,658	28,698	4,558,180
<i>Net book value</i>					
At 31 December 2017	945,430	6,112,783	67,830	264,528	7,390,571
<i>Net book value</i>					
At 31 December 2016	1,269,826	8,100,534	115,779	89,691	9,575,830

10. Financial assets

	2017 Shares in group undertakings £
<i>Cost</i>	
At 1 January 2017	167,574
Additions	842,809
Disposals	(872,783)
At 31 December 2017	137,600
<i>Net Book Value</i>	
At 31 December 2017	137,600
At 31 December 2016	167,574

DUALITAS LTD. (FORMERLY KNOWN AS DAQRI HOLOGRAPHICS LTD)

Financial Statements for the Year Ended 31 December 2017

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 investments consist of the ownership of the following:

Name of subsidiary	Country	Holdings at 31 December 2017	Holdings at 31 December 2016
Two Trees Photonics Ltd.	United Kingdom	100%	100%
Envisics Ltd (formerly known as DAQRI Automotive Ltd)	United Kingdom	100%	100%
DAHO GmbH	Austria	0%	100%
DAQRI Holographics Research Centre GmbH & Co KG	Austria	0%	100%

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.

Envisics Ltd (formerly known as DAQRI Automotive Ltd)

The registered office of Envisics Ltd (formerly known as DAQRI Automotive Ltd) is 5th Floor One New Change, London, United Kingdom, EC4M 9AF. Envisics Ltd (formerly known as DAQRI Automotive Ltd) is a dormant entity.

DAHO GmbH and DAQRI Holographics Research Centre GmbH & Co KG

On 14 December 2017, the company disposed to DAQRI International Limited, an entity owned by the ultimate parent company, the sole limited partnership interest in DAQRI Holographics GmbH & Co KG (DHG) for a total purchase price of £1,085,732 (€1,235,330), as well as 100% of the share capital of DHG's general partner DAHO GmbH (DAHO) for a total purchase price of £30,191 (€35,000), totaled to £1,115,923. The company made a gain on the disposal of the shares in DHG and DAHO of £243,140.

The registered office of DHG and DAHO is Fleischmarkt 3-5/24, 1010 Wien, Austria. DHG is a research and development entity that develops optical technology for use in augmented reality products and services. DAHO is a dormant entity.

11. Debtors (amounts falling due within one year)

	2017	2016
	£	£
Trade debtors	63,606	-
Amounts owed by group undertakings (note 16)	455,919	299,856
VAT recoverable	47,036	468,881
Other debtors	317,745	245,743
	<u>884,306</u>	<u>1,014,480</u>

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

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Notes to the financial statements (continued)

12. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	121,995	165,406
Accruals	182,524	354,916
Amounts owed to group undertakings (note 16)	699,409	2,286,839
Other taxes and social security costs	79,323	104,681
Overseas tax	34,266	34,266
Other creditors	23,959	-
	<u>1,141,476</u>	<u>2,946,108</u>

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

13. Allotted and issued share capital

<i>Allotted, called up and fully paid</i>	2017 £	2016 £
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

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 from the company's parent Envisics Holdings Ltd (formerly known as DHG Holdings Ltd). During 2017, the company received capital contributions amounting to £9,316,584 (2016: £15,657,348) from its parent company which were used to fund the working capital and acquisitions of intangible assets from Two Trees Photonics Ltd and from Light Blue Optics.

14. Commitments under operating leases

At 31 December 2017, the company has future minimum lease payments on office buildings due under non-cancellable operating leases as follows:

	2017 £	2016 £
Payment due		
Not later than 1 year	153,765	153,765
Later than 1 year and not later than 5 years	363,138	516,903
Greater than 5 years	-	-
	<u>516,903</u>	<u>670,668</u>

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Notes to the financial statements (continued)

15. Notes to the statement of cash flows

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

	2017	2016
	£	£
Loss for the period	<u>(8,311,248)</u>	<u>(7,470,294)</u>
Adjustments to reconcile loss for the year to net cash outflow from operating activities		
Depreciation tangible fixed assets	112,578	19,616
Amortisation of intangible assets	2,380,463	2,177,717
Profit on disposal of investments	(243,140)	-
Finance income	-	(7)
	<u>2,249,901</u>	<u>2,197,326</u>
Working capital movements		
(Increase) / decrease in debtors	130,174	(1,014,480)
Increase / (decrease) in creditors	<u>(1,804,632)</u>	<u>2,946,108</u>
	<u>(1,674,458)</u>	<u>1,931,628</u>
Net cash outflow from operating activities	<u>(7,735,805)</u>	<u>(3,341,340)</u>

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following;

	2017	2016
	£	£
Cash at bank and in hand	1,249,088	9,973
Cash and cash equivalents	<u>1,249,088</u>	<u>9,973</u>

DUALITAS LTD. (FORMERLY KNOWN AS DAQRI HOLOGRAPHICS LTD)

Financial Statements for the Year Ended 31 December 2017

Notes to the financial statements (continued)

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 period ended 31 December 2017, the company has not recorded any impairment of receivables relating to amounts owed to related parties. This assessment will be undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

Balances at 31 December 2017

As at 31 December 2017 amounts due from group undertakings amounted to £455,919 (2016 £299,856).

	2017 £	2016 £
Envisics Ltd (formerly known as DAQRI Automotive Ltd)	-	59
DAQRI Holographics Research Centre GmbH & Co KG	-	297,660
DAQRI Holographics GmbH & Co KG	79,087	-
Two Trees Photonics Ltd	291,274	-
DAQRI LABS Limited	85,558	-
Envisics Holdings Ltd (formerly known as DHG Holdings Ltd)	-	2,137
	<u>455,919</u>	<u>299,856</u>

As at 31 December 2017 amounts due to group undertakings amounted to £699,409 (2016 £2,286,839).

	2017 £	2016 £
DAHO GmbH	-	29,874
DAQRI International Limited	-	153,863
Two Trees Photonics Limited	10,043	10,043
Envisics Ltd (formerly known as Daqri Automotive Ltd)	604,502	-
DAQRI LABS Limited	15,097	609,308
DAQRI, LLC	69,767	1,483,751
	<u>699,409</u>	<u>2,286,839</u>

The company has availed of the exemption contained in FRS 102 in respect of subsidiary undertakings 100% or more of whose voting rights are controlled within a group. Consequently, the financial statements do not include disclosures of transactions between entities in the DAQRI Holdings LLC Group.

**DUALITAS LTD. (FORMERLY KNOWN AS DAQRI
HOLOGRAPHICS LTD)**
Financial Statements for the Year Ended 31 December 2017

Notes to the financial statements (continued)

17. Parent undertaking and controlling party

The immediate parent undertaking is Envisics Holdings Ltd (formerly known as DHG Holdings Ltd) a company registered in United Kingdom.

Effective 1 January 2018, the ultimate parent undertaking and controlling party of the company is Lightfield Holdings, LP, a company formed in the United States of America.

The smallest and largest group in which the results of the company are consolidated is that headed by Envisics, LLC.

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 31 January 2019.