

**Company Registration No. 05665271**

**Midaz Lasers Limited**

**Annual Report and Financial Statements**

**For 52 week period ended 29 September 2018**

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# **Midaz Lasers Limited**

## **Annual Report and Financial Statements**

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# **Midaz Lasers Limited**

## **Annual Report and Financial Statements**

### **Officers and Professional Advisors**

#### **Directors**

Bret DiMarco  
Mitchell McPeck  
Daniel Hunter  
Stuart Clark

#### **SECRETARY**

Stuart Clark

#### **Registered Office**

St Thomas Place  
Cambridgeshire Business Park  
Ely  
Cambridgeshire  
CB7 4EX.

#### **Bankers**

Bank of America N.A.  
2 King Edward Street  
London  
EC1A 1HQ

#### **Solicitors**

CMS Cameron McKenna Nabarro Olswang LLP  
1 West Regent Street  
Glasgow  
G2 1AP

#### **Independent Auditor**

Deloitte LLP  
Statutory Auditor  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2DB

# Midaz Lasers Limited

## Directors' Report

The directors present their report and the audited financial statements for the 52 week period ended 29 September 2018. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

### Principal activities

The principal activity of Midaz Lasers Limited ("the company") during the period was the development, design and manufacture of lasers based on proprietary technology.

### Results and dividends

The company made a profit for the period of £23,625 (52 week period to 30 September 2017: profit £63,206). The company was in a net asset position of £173,590 at 29 September 2018 (30 September 2017: £149,965). The company meets its day to day working capital requirements through the cash already held. In the future it will meet its day to day working capital requirements through the cash generated from royalty income for the use of its licensed intellectual property (nil net book value in both current and prior period due to the intangible assets being fully amortised) and is also reliant on funding from its ultimate parent company and controlling party Coherent Inc. which is incorporated in the United States of America.

No dividends have been proposed in either the current or prior period.

### Financial Risk Management

#### Liquidity Risk

The company is financed by cash and bank balances. Given the size and nature of the company, this risk is managed by the finance department of Coherent Scotland Limited. It is responsible for ensuring that the company has sufficient available funds for its activities through debt finance funded by the company's ultimate parent company.

All financing arrangements are subjected to continuous management review to ensure that assets will be sufficient to satisfy financial obligations as and when they fall due.

#### Credit Risk

The company's principal financial assets are cash and bank balances and VAT recoverable balances. Its credit risk is limited as all revenue earned is within the Coherent Group.

#### Market Risk

The company has no interaction with the external market and therefore there are no key market variables which affect the financial performance.

### Going Concern

The company has access to considerable financial resources when considering the continuing financial support from the ultimate parent company Coherent Inc. The directors have received a written letter of support from Coherent Inc. confirming its intention to provide continuing financial support. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

# Midaz Lasers Limited

## Directors' Report (continued)

### Directors

The directors, who served throughout the period and up to the date of this report are

Bret DiMarco  
Mitchell McPeck  
Daniel Hunter

Douglas Stark retired on the 23<sup>rd</sup> November and was replaced by Stuart Clark on the same day.

### Secretary

Douglas Stark (retired 23<sup>rd</sup> November 2018)

Stuart Clark (appointed 23<sup>rd</sup> November 2018)

### Auditor

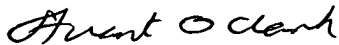
Each of the persons who is a director at the date of approval of this report confirms that:

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



Stuart Clark  
Secretary

24 JUNE 2019

# **Midaz Lasers Limited**

## **Directors' Responsibilities Statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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.

# **Midaz Lasers Limited**

## **Directors' Responsibilities Statement**

### **Independent auditor's report to the members of Midaz Lasers Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 September 2018 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Midaz Lasers Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

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

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

We have nothing to report in respect of these matters.

# **Independent auditor's report to the members of Midaz Lasers Limited (continued)**

## **Report on the audit of the financial statements (continued)**

### **Other information**

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

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

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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

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

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

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

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

## **Independent auditor's report to the members of Midaz Lasers Limited (continued)**

### **Report on other legal and regulatory requirements**

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

#### **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.



James Boyle CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Edinburgh, United Kingdom

**24 JUN E** 2019

## Midaz Lasers Limited

### Profit and loss account 52 week period ended 29 September 2018

		52 week period ended 29 September 2018 £	52 week period ended 30 September 2017 £
<b>Turnover</b>		34,388	34,639
Cost of sales		-	14,368
<b>Gross profit</b>		<u>34,388</u>	<u>49,007</u>
Administrative expenses		(9,750)	15,350
<b>Operating profit</b>	4	<u>24,638</u>	<u>64,357</u>
Interest payable and similar charges	5	(1,013)	(1,151)
<b>Profit before taxation</b>		<u>23,625</u>	<u>63,206</u>
Tax on profit	6	-	-
<b>Profit after taxation</b>		<u><u>23,625</u></u>	<u><u>63,206</u></u>

There are no recognised gains or losses for the current or prior period other than as shown above. Accordingly, no statement of comprehensive income has been presented.

All the results are derived from continuing operations.

The notes on pages 11 to 15 form an integral part of the financial statements

# Midaz Lasers Limited

## Balance sheet

As at 29 September 2018

	Notes	52 week period ended 29 September 2018 £	52 week period ended 30 September 2017 £
<b>Current assets</b>			
Debtors	7	508	610
Cash at bank		177,082	153,355
		<u>177,590</u>	<u>153,965</u>
<b>Creditors: amounts falling due within one period</b>	8	(4,000)	(4,000)
		<u>173,590</u>	<u>149,965</u>
<b>Total assets less current liabilities</b>			
		<u>173,590</u>	<u>149,965</u>
<b>Net assets</b>			
		<u>173,590</u>	<u>149,965</u>
<b>Capital and reserves</b>			
Called-up share capital	10	259	259
Share premium account		1,168,828	1,168,828
Profit and loss account		(995,497)	(1,019,122)
		<u>173,590</u>	<u>149,965</u>
<b>Shareholders' funds</b>			
		<u>173,590</u>	<u>149,965</u>

The accompanying notes on pages 11 to 15 form an integral part of these financial statements.

The financial statements have been prepared in accordance with section 1A of FRS102 applicable to companies subject to the small companies regime.

The financial statements of Midaz Lasers Limited, registered number 05665271 were approved by the Board of Directors on **24 JUNE** 2019.

Signed on behalf of the Board of Directors



Stuart Clark  
Director

## Midaz Lasers Limited

### Statement of changes in equity As at 29 September 2018

	Called-up share capital (note 10) £	Share Premium Account £	Profit and loss account £	Total £
At 1 October 2016	259	1,168,828	(1,082,328)	86,759
Profit for the financial period	-	-	63,206	63,206
At 1 October 2017	259	1,168,828	(1,019,122)	149,965
Profit for the financial period	-	-	23,625	23,625
At 29 September 2018	259	1,168,828	(995,497)	173,590

# Midaz Lasers Limited

## Notes to the financial statements 52 week period ended 29 September 2018

### 1. Accounting policies

#### **Basis of preparation of financial statements**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below and have been applied consistently throughout the current and prior year.

Midaz Lasers Limited is a private company limited by shares. It is registered in England and Wales incorporated in the United Kingdom under the Companies Act. The address of the company's registered office is shown on page 1. The nature of the company's operations and its principal activities are set out in the directors report on page 2.

The financial statements have been prepared under the historic cost convention and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102), "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" issued by the Financial Reporting Council.

The functional currency of Midaz Lasers Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Midaz Lasers Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of certain disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to the presentation of a cash flow statement, turnover geographical split and related party transactions.

#### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, see the directors' report for more details. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. In reaching this conclusion the directors have placed reliance on the confirmation of continuing financial support from Coherent Inc. and have also considered the parent's ability to provide such support.

#### **Cash flow**

The company has taken advantage of the exemption contained in FRS 102, section 1 from including a cashflow statement in the financial statements on the grounds that the company is small as defined by section 382 of the Companies Act 2016.

#### **Turnover**

Turnover comprises royalty income recognised by the company in respect of charges to Coherent GmbH, Coherent Inc. and Coherent Scotland for the use of their licensed Intellectual Property for product development.

The company has taken advantage of the exemption contained in FRS 102, section 1 from including a turnover note on the grounds that the company is small as defined by section 382 of the Companies Act 2016.

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

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

Exchange gains and losses are recognised in the profit and loss account.

# Midaz Lasers Limited

## Notes to the financial statements (continued) 52 week period ended 29 September 2018

### 1. Accounting policies (continued)

#### Taxation

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

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised when it is regarded as more likely than not that there will be suitable profits to recover them against in the future.

### 2. Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements, assumptions or areas of estimation uncertainty that affect these financial statements.

### 3. Information regarding directors and employees

There were no employees other than the directors during the current period. There was no remuneration paid to the directors during the period (52 weeks ended 30 September 2017: £nil) for their services in respect of this company. No pension contributions were made in the current or prior period.

# Midaz Lasers Limited

## Notes to the financial statements (continued) 52 week period ended 29 September 2018

### 4. Operating profit

Operating profit is stated after charging:

	52 week period ended 29 September 2018 £	52 week period ended 30 September 2017 £
Fees payable to the company's auditor for the audit of the company's financial statements	4,000	4,000
Taxation compliance fees	5,750	5,650
	<u>          </u>	<u>          </u>

### 5. Interest payable and similar charges

	52 week period ended 29 September 2018 £	52 week period ended 30 September 2017 £
Bank charges	1,013	1,151
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

### 6. Tax on profit

	52 week period ended 29 September 2018 £	52 week period ended 30 September 2017 £
Profit before taxation	23,625	63,206
	<u>          </u>	<u>          </u>
Tax on profit at standard UK tax rate of 19% (2017: 19.5%)	4,489	12,325
Effects of:		
Utilisation of tax losses	(4,489)	(12,325)
UK corporation tax charge on profit for the period	-	-
	<u>          </u>	<u>          </u>

The average standard rate of tax applied to reported profit on ordinary activities is 19% (2017: 19.5%).

The 2015 Finance Bill (No. 2) announced that the UK corporation tax rate will decrease to 18% by 2020. Reduction in rates from 20% to 19% (effective April 2017) and a rate of 18% with effect from 1 April 2020 were substantively enacted on 26 October 2015. In the autumn budget on 22 November 2017, the Chancellor of the Exchequer announced plans to reduce the corporation tax to 17% with effect from 1 April 2020 with the current rate of 19% unchanged until then.

There were total tax losses carried forward at the period end of £720,829 (2017: £744,236). No deferred tax asset has been recognised at the period end, per Note 9. A net deferred tax is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## Midaz Lasers Limited

### Notes to the financial statements (continued) 52 week period ended 29 September 2018

#### 7. Debtors

	29 September 2018	30 September 2017
	£	£
VAT recoverable	508	610
	<u>508</u>	<u>610</u>

#### 8. Creditors: Amounts falling due within one period

	29 September 2018	30 September 2017
	£	£
Accruals	4,000	4,000
	<u>4,000</u>	<u>4,000</u>

#### 9. Deferred tax asset

	<u>Unrecognised</u>	
	29 September 2018	30 September 2017
	£	£
Accelerated capital allowances	168	206
Tax losses	122,541	122,270
	<u>122,709</u>	<u>122,476</u>

The deferred tax asset has not been recognised as there is insufficient evidence that the asset will be recovered. The asset would be recovered if sufficient profits arose in the future to utilise the carried forward losses.

# Midaz Lasers Limited

## Notes to the financial statements (continued) 52 week period ended 29 September 2018

### 10. Share capital

	29 September 2018	30 September 2017
	£	£
<b>Allotted, called-up and fully paid</b>		
259,227 (2017: 259,227) ordinary shares of £0.001 each	259	259
	<u>259</u>	<u>259</u>

### 11. Related party transactions

The company has taken advantage of the exemption contained in FRS 102, Section 1A in not disclosing transactions with other wholly owned group companies.

### 12. Ultimate parent company

The company's immediate parent company is Coherent (UK) Holdings Limited which registered in England and incorporate in the United Kingdom. The address of the registered office is St Thomas Place, Cambridgeshire Business Park, Ely, Cambridgeshire, CB7 4EX.

The company's ultimate parent company and controlling party is Coherent Inc. which is registered in the state of Delaware in the United States of America. Coherent Inc. heads the largest and smallest group in which the results of this company are consolidated. Copies of the group financial statements of Coherent Inc. are available from the Principal Executive Offices 5100 Patrick Henry Drive, Santa Clara, California, CA 95054, United States of America.

### 13. Subsequent Events

There have been no subsequent events since the balance sheet date.