

Company Registration Number: OC356079

Oclaro Innovations LLP

Report and Financial Statements

30 June 2018



Oclaro Innovations LLP

Registered No: OC356079 (England and Wales)

CONTENTS

	<i>Page</i>
Partnership information	2
Members' report	3
Statement of members' responsibilities	5
Independent auditor's report	6
Profit and loss account	8
Balance sheet	9
Changes in members interests	10
Notes to the financial statements	11

Oclaro Innovations LLP

Registered No: OC356079 (England and Wales)

Partnership Information

Designated Members:

Oclaro, Inc.
Oclaro Fiber Optics, Inc.

Registered Office:

Caswell
Towcester
Northamptonshire
NN12 8EQ

Members' report

The member's present their report together with the audited financial statements for the year ended 30 June 2018.

Principal activity and review of the business

Oclaro Innovations LLP has not traded during the financial year ended 30 June 2018 or subsequent to year end. The LLP was also dormant in the preceding year.

Merger

On 12 March 2018 Lumentum Holdings Inc. a leading provider of photonics products for optical networking and lasers for industrial and consumer markets, and Oclaro, Inc. the LLP's ultimate controlling party signed a definitive agreement, unanimously approved by the boards of directors of both companies, pursuant to which Lumentum will acquire all of the outstanding common stock of Oclaro Inc, subject to customary closing conditions.

The transaction valued Oclaro at \$9.99 per share or approximately \$1.8 billion in equity value, based on the closing price of Lumentum's stock on 9 March 2018, of \$68.98.

Going concern

The LLP is currently not trading and does not generate sufficient cash flows from operations to fund its liquidity needs. The LLP is therefore reliant on the support of its ultimate controlling party, Oclaro Inc., in order to finance its operations and meet its obligations as they fall due in the foreseeable future. The directors of Oclaro, Inc. have confirmed its intention to support the LLP for a period of at least 12 months from the signing of the financial statements.

Subsequent events

On 10 December 2018 Lumentum announced the completion of the Oclaro acquisition. There were no other subsequent events requiring disclosure.

Designated Members

The following were designated members during the year and subsequent to 30 June 2018:

Oclaro, Inc.

Oclaro Fiber Optics, Inc.

Members' liabilities

The LLP's ultimate controlling party, Oclaro Inc. has granted an indemnity to Oclaro Fiber Optics, Inc., against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as of the date of approving the members' report.

Members' interests

All members are equity members and share in the profits and subscribe to the entire capital.

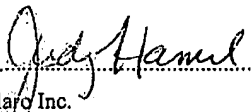
Members' report

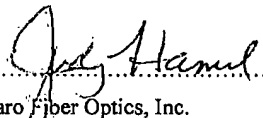
Auditors

Grant Thornton UK LLP have indicated they will resign on completion of their term of office and in accordance with section 487 of the Companies Act 2006, a resolution concerning the appointment of a new auditor will be proposed at the next Annual General Meeting of the LLP.

Approved by the members on
and signed on their behalf by
On behalf of the board

27 MARCH 2019


.....
Oclaro Inc.
Designated Member


.....
Oclaro Fiber Optics, Inc.
Designated Member

Statement of members' responsibilities

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

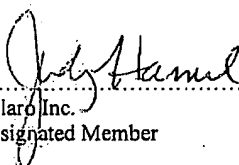
The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires the members to prepare financial statements for each financial year. Under the law the members have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members confirm that:

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


Oclaro Inc.
Designated Member

Independent auditor's report to the members of Oclaro Innovations LLP

Opinion

We have audited the financial statements of Oclaro Innovations LLP (the 'limited liability partnership') for the year ended 30 June 2018, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in members' interest and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 limited liability partnership 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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership'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.

Other information

The members 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 we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the members of Oclaro Innovations LLP

Matters on which we are required to report by exception

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

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the accounting records and returns; or

we have not received all the information and explanations we require for our audit

Responsibilities of members for the financial statements

As explained more fully in the members' responsibilities statement set out on page 5 the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Christian Heeger BSc FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Crawley

29 March 2019

Profit and loss account

for the year ended 30 June 2018

The LLP has not traded during the financial year ended 30 June 2018 or subsequent to year end. The LLP was also dormant in the preceding year. During these periods the LLP received no income and incurred no expenditure.

There was no other comprehensive income in the year or 2017.

The notes on page 11 to 13 form part of these financial statements.

Balance Sheet

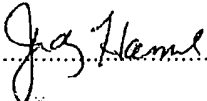
for the year ended 30 June 2018

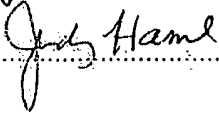
	Note	30 June 2018 £000	30 June 2017 £000
Current assets			
Investments	4	127,001	127,001
Net assets attributable to Members		<u>127,001</u>	<u>127,001</u>
 Represented by:			
Equity			
Members' interests	5	127,001	127,001
Total Members' Interests		<u>127,001</u>	<u>127,001</u>

The notes on pages 11 to 13 form part of these financial statements.

Approved by the members on 27 March 2019

and

signed on their behalf by 
Oclaro, Inc.
Designated Member

signed on their behalf by 
Oclaro Fiber Optics, Inc.
Designated Member

Statement of Changes in members' interests

for the year ended 30 June 2018

	Member's capital £000	Profit and loss reserve £000	Total member's interests £000
Members' interest as 1 July 2017	<u>127,001</u>	<u>-</u>	<u>127,001</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Members' interest at 30 June 2018	<u>127,001</u>	<u>-</u>	<u>127,001</u>

	Member's capital £000	Profit and loss reserve £000	Total member's interests £000
Members' interest as 1 July 2016	<u>127,001</u>	<u>-</u>	<u>127,001</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Members' interest at 30 June 2017	<u>127,001</u>	<u>-</u>	<u>127,001</u>

The notes on pages 11 to 13 form part of these financial statements.

Notes to the financial statements

for the year ended 30 June 2018

1. Accounting policies

a) Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in July 2014. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

b) Going concern

The LLP is currently not trading and does not generate sufficient cash flows from operations to fund its liquidity needs. The LLP is therefore reliant on the support of its members to meet its obligations as they fall due in the foreseeable future. The LLP's funding requirements are therefore built into the Oclaro group's forecasts and are considered as part of the assessment of the group's ability to remain a going concern.

The directors of Oclaro Inc. have prepared detailed forecasts which demonstrate that the Oclaro group will have sufficient funds to support operations across the group as a whole for the foreseeable future and has confirmed its intention to support the UK entity for a period of at least 12 months from the date of signing the financial statements.

The financial statements do not include any adjustments that would result should the LLP's ultimate parent be unsuccessful in achieving its financial plans or raising additional funding and consequently be unable to provide the LLP with the continued financial support necessary to continue as a going concern.

c) Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions. These estimates and judgements are continually evaluated and are based upon historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

d) Key sources of estimates and assumption concerning the future.

The resulting accounting estimates and assumptions will by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period is set out below.

Investment impairment

The LLP conducts an annual review for impairment of its investment in Oclaro Technology Limited, using estimates and assumptions about the company's financial performance and outlook to determine whether impairment is appropriate.

e) Cash flow statement

The LLP has taken advantage of the disclosure exemption granted by FRS102 not to present a cash flow as its cash flows are included within the financial statements of the ultimate parent company within the Oclaro group of companies, Oclaro Inc., which are publicly available.

f) Investments

Investments in subsidiaries are accounted for at cost less impairment.

Notes to the financial statements

for the year ended 30 June 2018

2. Auditors' Remuneration

The auditor's fees for conducting the 2018 statutory audit totalling £2,000 (2017: £2,000) were borne by the LLP's wholly owned subsidiary, Oclaro Technology Limited.

3. Staff costs

The LLP has no employees. Administrative services were provided by Oclaro Technology Limited without recharge and there is accordingly no staff costs included in these financial statements (2017: £nil).

4. Investments

	<i>Investments in Subsidiary undertakings £000</i>
Costs:	
At 1 July 2017	127,001
As at 30 June 2018	<u>127,001</u>
Provision:	
At 1 July 2017	-
As at 30 June 2018	<u>-</u>
Net Book Value:	
As at 30 June 2018	<u>127,001</u>
As at 30 June 2017	<u>127,001</u>

Details of the investments in which the LLP holds a share capital of any class as at 30 June 2018 and 30 June 2017 are set out below:

Name of undertaking	Activity	Country of Incorporation	Proportion of voting rights and shares held
Bookham Nominees Limited	Dormant subsidiary	England and Wales	100%
Oclaro Technology Limited	Manufacturing and distribution	England and Wales	100%

Notes to the financial statements

for the year ended 30 June 2018

5. Members' Interests

	£000
As at 30 June 2017	127,001
As at 30 June 2018	127,001

6. Members' drawings and the subscription and repayment of capital

In accordance with the LLP agreement, no distribution of the profits of the LLP shall occur unless the members conclude that the assets of the LLP are sufficient to cover all of its liabilities and reasonable reserve requirements. The member's agreement sets out that the profits and losses of the LLP, including profits and losses of a capital nature, shall be allocated between the members in such a matter as the members determine.

Drawings are treated as payments on account of profit allocation and are only repayable to the LLP in so far as there are insufficient profits to allocate against such drawings. Any drawings in excess of total profits allocated would be included within 'amounts due from members' within debtors.

The capital requirements of the partnership are determined by the members and periodically reviewed. Each member is required to subscribe a proportion of this capital. The amount of capital subscribed by each member is determined by the members at formal board meetings. No interest is paid on capital.

Members may resolve to admit any persons who wish to become a member to membership of the LLP. The LLP may be placed into voluntary liquidation by a resolution to the members approved by at least three-quarters of the members.

7. Related party transactions

The LLP has taken advantage of the disclosure exemption under FRS102 not to disclose transactions with other members of the Oclaro Inc. group.

8. Ultimate controlling party

Until 10 December 2018 the LLP's ultimate controlling party was Oclaro Inc., a company incorporated in the State of Delaware, United States. Following the merger of Lumentum and Oclaro on 10 December the LLP's ultimate parent became Lumentum Holding Inc., a company incorporated in the State of Delaware, United States.

The smallest and largest group in which the 2018 and prior year results of the LLP are consolidated were those headed by Oclaro Inc. The Oclaro Inc. consolidated financial statements are available from Lumentum Operations LLC, 400 North McCarthy Blvd Milpitas, California 95035 USA.