

Half Year Report of Rectifier Technologies Ltd for the Period Ended 31 December 2017

(ACN 058 010 692)

This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.

Current Reporting Period: Financial Period ended 31 December 2017

Previous Corresponding Period: Financial Period ended 31 December 2016

The Information contained in this Half Year Report should be read in conjunction with the most recent financial report.

Rectifier Technologies Ltd
Results For Announcement To The Market
For the Half Year Ended 31 December 2017

Revenue and Net Profit/(Loss)

		Percentage Change %		Amount
Revenue from ordinary activities	Up	29.81%	To	3,997,171
Profit(loss) from ordinary activities after tax attributable to members	Up	677.12%	To	256,070
Profit attributable to members	Up	677.12%	To	256,070

Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend	nil ¢	nil ¢
Interim dividend	nil ¢	nil ¢
Record date for determining entitlements to the dividend:		
• final dividend		n/a
• interim dividend		n/a

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

- Revenue from ordinary activities increased by 29.81% to \$3,997,171 and net profit after tax increased by \$300,440 to a profit of \$256,070. Refer to the Financial Statements for commentary.
- No dividend recommended for the period.

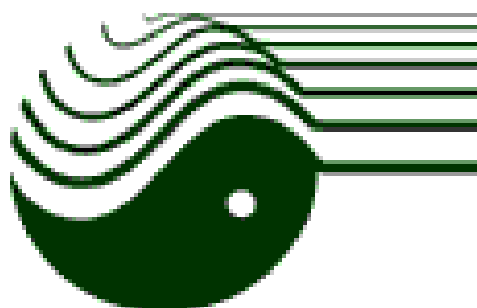
Rectifier Technologies Ltd
Results For Announcement To The Market
For the Half Year Ended 31 December 2017

5. Net Tangible Assets Per Security

	2017	2016
Net tangible assets per security	0.407¢	0.307¢

6. Dividends

No dividend was paid during the interim period and no interim dividend is recommended.



RECTIFIER TECHNOLOGIES LTD

ABN: 82 058 010 692

**HALF-YEAR CONSOLIDATED
FINANCIAL STATEMENTS
31 DECEMBER 2017**

COMPANY PARTICULARS

BOARD OF DIRECTORS

Mr. Yingming Wang (Chairman)

Mr. Yanbin Wang

Mr. Tino Vescovi

Mr. Nigel Machin

SECRETARY

Mr. Justyn Stedwell

REGISTERED OFFICE

24 Harker Street

Burwood, Victoria 3125

Telephone: 03 9896 7550

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ABBOTSFORD, VIC 3067

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Grant Thornton Audit Pty Ltd

Collins Square, Tower 1

727 Collins Street

MELBOURNE, VIC 3000

BANKERS

ANZ Banking Group Limited

10 Main Street, Box Hill

MELBOURNE, VIC 3128

FINANCIERS

Scottish Pacific Benchmark Group

Level 2, 441 St Kilda Road

MELBOURNE, VIC 3004

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Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

DIRECTORS' REPORT

Your directors submit the financial report of Rectifier Technologies Ltd and its controlled entities (the Company) for the half year ended 31 December 2017.

Directors

The names of directors who held office during and since the end of the half-year (unless otherwise stated):

Mr. Yingming Wang (Non-Executive)

Mr. Tino Vescovi (Non-Executive)

Mr. Yanbin Wang (Executive)

Mr. Nigel Machin (Director and Chief Power Engineer)

Review of Operations

Financial Results

The Company for the half year report to 31 December 2017 reported a net profit after tax of \$256,070 compared with a loss of \$44,370 in the previous corresponding period with an increase of \$300,440. Revenue from ordinary activities increased \$917,890 from \$3,079,280 in the previous corresponding period to \$3,997,170. At the EBITDA level the result went from a loss of 123,538 in the previous corresponding period to a profit of \$458,890.

The improvement of results in the half year to 31 December 2017 reflects a significant growth in sale from market segment of electric vehicle charging market, meanwhile sales from other market segments of electronic components, power generation and distribution, defence reminded at steady revenue stream compared with previous corresponding period.

The results for the 6 months to December 2017 compared with those of the previous corresponding period are shown in the following table (\$'000).

	December 2017	December 2016
Revenue	3,997	3,079
Gross Profit	2,149	1,713
Gross Margin	54%	56%
EBITDA	459	(124)
Interest	(37)	(1)
Depreciation/Amortisation	(52)	(29)
Profit/(Loss) Before Tax	370	(154)
Income Tax Benefit/(Expense)	114	109
Net Profit/(Loss)	256	(44)

Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

DIRECTORS' REPORT

Group Structure

Rectifier Technologies Singapore Pte Ltd. (RTS) was incorporated on 2 October 2017 as a subsidiary of Rectifier Technologies Limited and will be responsible for the group's global sales & marketing activities. Rectifier Technologies Pacific Pty Ltd (RTP) continues to be the group's R&D entity and Rectifier Technologies (M) Sdn Bhd(RTM) continues to be the group's manufacturing entity. We believe the group restructure will improve our ability to service global markets, which include our global sales of legacy products and the development of new opportunities in new energy markets. New energy markets include Electric Vehicle (EV) charging, Wind & Solar Power and other Renewable Energy.

Outlook

We have invested heavily in R&D projects in the first half of current financial year. We have had a number of R&D achievements during this period including the exhibition of our new EV DC 11kW Home Charger at ESV30 in Stuttgart Germany, the release of an EV DC Charger OEM Starter Kit and the supply of a newly developed 35kW high voltage and high-efficiency modular power supply for EV DC charger customers. RTP has raised its profile in the EV community by joining and participating in various industry associations including CharIN e.V. association, and Australian Electric Vehicle Association Inc.

The R&D group continues to develop products to exploit opportunities in the merging EV charger market. The EV charging market remains a key focus of the company's future strategy with significant future sales growth expected.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3 and forms part of the directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors.



Yanbin Wang
Director

Dated this 28th day of February 2018

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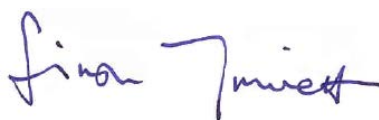
Auditor's Independence Declaration to the Directors of Rectifier Technologies Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Rectifier Technologies Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S C Trivett
Partner – Audit & Assurance

Melbourne, 28 February 2018

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Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	31 December 2017 \$	31 December 2016 \$
Revenue	3,997,170	3,079,280
Other income	221,945	496,487
Changes in inventories of finished goods and work in progress	(348,305)	(45,296)
Raw materials and consumables used	(855,543)	(1,050,857)
Employee benefits expense	(1,760,136)	(1,535,707)
Depreciation expense	(51,524)	(29,494)
Finance costs	(38,487)	(605)
Share based payments	-	(720,000)
Other expenses	(794,861)	(347,375)
Profit/(loss) before income tax expense	370,259	(153,567)
Income tax benefit/(expense)	(114,189)	109,197
Net profit/(loss) after income tax attributable to owners of Rectifier Technologies Limited	256,070	(44,370)
Other comprehensive income		
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences	48,603	(152,443)
Income tax on items of other comprehensive income	-	-
Total comprehensive income	304,673	(196,813)
Basic profit/(loss) per share (cents per share)	0.02	(0.00)
Diluted profit/(loss) per share (cents per share)	0.02	(0.00)

The accompanying notes form part of these financial statements.

Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS		
Cash and cash equivalents	2,164,308	2,628,269
Trade and other receivables	1,876,774	1,464,129
Inventories	1,837,727	2,068,876
Current tax assets	558,862	513,555
TOTAL CURRENT ASSETS	6,437,671	6,674,829
NON-CURRENT ASSETS		
Plant and equipment	2,532,540	2,153,731
Deferred tax assets	121,163	260,772
TOTAL NON-CURRENT ASSETS	2,653,703	2,414,503
TOTAL ASSETS	9,091,374	9,089,332
CURRENT LIABILITIES		
Trade and other payables	1,219,340	1,471,762
Interest bearing liabilities	19,535	64,919
Provisions	334,831	392,170
Current tax liability	16,722	50,715
TOTAL CURRENT LIABILITIES	1,590,428	1,979,566
NON-CURRENT LIABILITIES		
Interest bearing liabilities	1,757,804	1,673,026
Provisions	58,747	57,018
TOTAL NON-CURRENT LIABILITIES	1,816,551	1,730,044
TOTAL LIABILITIES	3,406,979	3,709,610
NET ASSETS	5,684,395	5,379,722
EQUITY		
Issued capital	39,816,575	39,816,575
Reserves	87,830	39,227
Accumulated losses	(34,220,010)	(34,476,080)
TOTAL EQUITY	5,684,395	5,379,722

The accompanying notes form part of these financial statements.

Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Share Capital Ordinary \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1.7.2017	39,816,575	(34,476,080)	39,227	5,379,722
Profit for the half-year	-	256,070	-	256,070
<i>Other comprehensive income</i>				
Foreign currency translation difference	-	-	48,603	48,603
Total comprehensive income for the half-year	-	256,070	48,603	304,673
Transactions with owners in their capacity as owners				
Shares Issued	-	-	-	-
	-	-	-	-
Balance at 31.12.2017	39,816,575	(34,220,010)	87,830	5,684,395
Balance at 1.7.2016	38,941,375	(34,903,983)	70,291	4,107,683
Loss for the half-year	-	(44,370)	-	(44,370)
<i>Other comprehensive income</i>				
Foreign currency translation difference	-	-	(152,443)	(152,443)
Total comprehensive income for the half-year	-	(44,370)	(152,443)	(196,813)
Transactions with owners in their capacity as owners				
Shares Issued	875,200	-	-	875,200
	875,200	-	-	875,200
Balance at 31.12.2016	39,816,575	(34,948,353)	(82,152)	4,786,070

The accompanying notes form part of these financial statements.

Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	31 December 2017 \$	31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,341,683	3,025,982
Payments to suppliers and employees	(3,471,438)	(2,592,894)
Interest received	1,378	73
Finance costs	-	(600)
Tax refund/(paid)	(61,318)	-
Net cash provided by operating activities	<u>(189,695)</u>	<u>432,561</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	(464,020)	(31,301)
Proceed from sale of plant and equipment	23,248	-
Net cash used in investing activities	<u>(440,772)</u>	<u>(31,301)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	155,200
Proceeds from debt	19,650	-
Repayment of borrowings	(27,435)	(23,798)
Net cash provided by/(used in) financing activities	<u>(7,785)</u>	<u>131,402</u>
Net increase/(decrease) in cash and cash equivalents	(638,252)	532,662
Cash and cash equivalents at 1 July	2,628,269	1,635,415
Effect of exchange rate fluctuations on cash held	174,291	(148,243)
Cash and cash equivalents at 31 December	<u>2,164,308</u>	<u>2,019,834</u>

The accompanying notes form part of these financial statements.

Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by Rectifier Technologies Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(a) Significant Accounting Policies

The same accounting policies and methods of computation have been followed in these half-year financial statements as compared with the most recent annual financial statements.

(b) Estimates and Judgements

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurements of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

NOTE 2: DIVIDENDS

No dividend was paid or recommended during the interim period.

Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: SEGMENT INFORMATION

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions). This has resulted in the manufacturing segment being disaggregated into 4 reportable segments being electronic components manufacturing, industrial power supplies (electricity generation/distribution and defence), industrial power supplies (transport and telecommunication) and industrial power supplies (electric vehicles).

Description of segments

Management has determined the operating segments based on reports reviewed by the executive management committee for making strategic decision. The executive management committee comprises the chief executive officer and divisional managers. The committee monitors the business based on product and geographic factors and have identified 4 reportable segments.

Electronic Components

Under this segment, Rectifier Technologies Pacific Pty Ltd and Rectifier Technologies Malaysia Sdn Bhd which is based in Malaysia (operations transferred from Protran Technologies Pty Ltd during the year of 2016/2017) manufacture electronic components for a number of industries.

Industrial Power Supplies (Electricity generation/distribution and Defence)

Under this segment, Rectifier Technologies Pacific Pty Ltd and Rectifier Technologies Malaysia Sdn Bhd manufacture and distribute rectifiers, controllers, accessories and complete systems for the power generation, distribution industries and defence.

Industrial Power Supplies (Transport and Telecommunication)

Under this segment, Rectifier Technologies Pacific Pty Ltd and Rectifier Technologies Malaysia Sdn Bhd manufacture and distribute power supplies for the transport industries and telecommunications.

Industrial Power Supplies (Electric vehicles)

Under this segment, Rectifier Technologies Pacific Pty Ltd, Rectifier Technologies Singapore Pte Ltd and Rectifier Technologies Malaysia Sdn Bhd manufacture and distribute electric vehicle charges, battery charges and power supplies for a number of industries.

Segment information

Segment result shown in the segment information is measured as EBITDA prior to impairment expense. Segment information provided to the executive management committee for the half-year ended 31 December 2017, is as follows:

Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: SEGMENT INFORMATION

Half-year ended	Electronic Components	Industrial Power Supplies (E/D)	Industrial Power Supplies (T&T)	Industrial Power Supplies (EV)	Total
31-Dec-17	\$	\$	\$	\$	\$
Total segment revenue	107,997	2,798,262	911,140	1,617,341	5,434,740
Inter-segment revenue	(361)	(789,263)	(1,492)	(646,454)	(1,437,570)
Revenue from external customers	107,636	2,008,999	909,648	970,887	3,997,170
Segment Result (EBITA)	15,093	281,697	127,549	136,135	560,474

Half-year ended	Electronic Components	Industrial Power Supplies (E&D)	Industrial Power Supplies (T&T)	Industrial Power Supplies (EV)	Total
31-Dec-16	\$	\$	\$	\$	\$
Total segment revenue	138,147	2,391,578	1,183,589	-	3,713,314
Inter-segment revenue	(19,518)	(573,272)	(41,244)	-	(634,034)
Revenue from external customers	118,629	1,818,306	1,142,345	-	3,079,280
Segment Result (EBITA)	24,891	381,517	239,687	-	646,095

Total segment assets

31-Dec-17	312,431	5,831,437	2,640,398	2,818,155	11,602,421
31-Dec-16	341,730	5,237,906	3,290,695	-	8,870,331

Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: SEGMENT INFORMATION

Reconciliation of segment result to profit/(loss) before income tax is as follows:

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Segment Result	560,474	646,095
Corporate Cost (excluding finance, depreciation and amortisation expense)	(101,583)	(769,633)
Interest / Finance costs	(37,108)	(535)
Depreciation	(51,524)	(29,494)
Profit/(Loss) before income tax from continuing operations	370,259	(153,567)

NOTE 4: CONTINGENT LIABILITIES

There are no contingent liabilities or contingent assets at 31 December 2017.

NOTE 5: CONTRIBUTED EQUITY

	31 December 2017 \$	31 December 2016 \$
Opening balance 1 July	39,816,575	38,941,375
Shares issued	-	875,200
Closing balance 31 December	39,816,575	39,816,575

	Number	Number
Opening balance 1 July	1,366,900,602	1,335,140,602
Shares issued	-	31,760,000
Closing balance 31 December	1,366,900,602	1,366,900,602

There were no shares issued during current reporting period.

NOTE 6: EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to the end of the reporting period that require additional disclosure.

Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

DIRECTORS' DECLARATION

The directors of the company declare that:

(a) in the directors' opinion, the financial statements and notes for the half-year ended 31 December 2017 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and its performance for the six-month period ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Yanbin Wang

Director

Melbourne

Dated this 28th day of February, 2018

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Independent Auditor's Review Report to the Members of Rectifier Technologies Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Rectifier Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Rectifier Technologies Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the Corporations Act 2001, including complying with Accounting Standard AASB 134 Interim Financial reporting.

Directors' Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Rectifier Technologies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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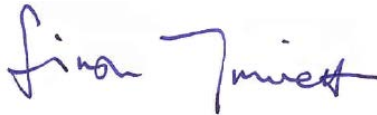
A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S C Trivett
Partner - Audit & Assurance

Melbourne, 28 February 2018