

# Half Year Report of Rectifier Technologies Ltd for the Period Ended 31 December 2019

(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 2019

Previous Corresponding Period: Financial Period ended 31 December 2018

*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 2019**

**Revenue and Net Profit/(Loss)**

		<b>Percentage Change %</b>	<b>Amount</b>
Revenue from ordinary activities	Up	11.87%	To 10,770,813
Profit(loss) from ordinary activities after tax attributable to members	Up	17.54%	To 1,326,210
Profit attributable to members	Up	17.54%	To 1,326,210

**Dividends (Distributions)**

	<b>Amount per security</b>	<b>Franked amount per security</b>
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 11.87% to \$10,770,813 and net profit after tax increased by \$197,929 to a profit of \$1,326,210. 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 2019**

**5. Net Tangible Assets Per Security**

	<b>2019</b>	<b>2018</b>
Net tangible assets per security <sup>1</sup>	0.661¢	0.446¢

**6. Dividends**

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

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<sup>1</sup> Net tangible assets include the right-of-use assets.



**RECTIFIER TECHNOLOGIES LTD**

ABN: 82 058 010 692

HALF-YEAR CONSOLIDATED  
FINANCIAL STATEMENTS  
31 DECEMBER 2019

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## **COMPANY PARTICULARS**

### ***BOARD OF DIRECTORS***

Mr. Yingming Wang (Chairman)

Mr. Yanbin Wang

Mr. Valentino Vescovi

Mr. Nigel Machin

### ***SECRETARY***

Mr. Justyn Stedwell

### ***REGISTERED OFFICE***

97 Highbury Road

Burwood, Victoria 3125

Telephone: 03 9896 7550

Facsimile: 03 9896 7566

### ***SHARE REGISTRY***

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452 Johnston Street

ABBOTSFORD, VIC 3067

### ***AUDITORS***

Grant Thornton Audit Pty Ltd

Collins Square, Tower 5

727 Collins Street

MELBOURNE, VIC 3008

### ***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 Controlled Entities

ABN 82 058 010 692

## DIRECTORS' REPORT

Your directors submit the financial report of Rectifier Technologies Ltd (the company) and its controlled entities (the Group) for the half year ended 31 December 2019.

### 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. Valentino Vescovi (Non-Executive)
- Mr. Yanbin Wang (Executive)
- Mr. Nigel Machin (Director and Head of Power Engineer)

### Financial Results

For the half year report 31 December 2019, the Company has reported a net profit after tax of \$1,326,210 compared to a net profit after tax of \$1,128,281 in the previous corresponding period with an increase of \$197,929. Revenue from ordinary activities increased \$1,143,233 from \$9,627,580 in the previous corresponding period to \$10,770,813. At the EBITDA level, the result went to a profit of \$2,560,105 from a profit of \$1,769,089 in the previous corresponding period, the gross margin has increased to 48% at the current reporting period.

A better performance result reported in the current half year reporting period compared to the previous corresponding period was due to the continued growth in sales from the electric vehicle (EV) charging market and its legacy market, sales from EV charging market represents approximately 71% of total sales. Our continued optimization on manufacturing efficiency and cost control practice was a result of improvement on gross margin at the current reporting period.

The results for the 6 months to December 2019 compared with those of the previous corresponding period are shown in the following table (\$'000).

	December 2019	December 2018
Revenue	10,771	9,628
Gross Profit	5,188	3,346
Gross Margin	48%	35%
EBITDA	2,560	1,769
Interest	(83)	(70)
Depreciation/Amortisation	(222)	(120)
Profit/(Loss) Before Tax	2,255	1,579
Income Tax Benefit/(Expense)	(929)	(451)
Net Profit/(Loss)	1,326	1,128

## Rectifier Technologies Ltd and Controlled Entities

ABN 82 058 010 692

### DIRECTORS' REPORT (CONTINUED)

#### Options Granted as Employee Benefits

As per the ASX announcement made on 9 August 2019, the Company granted 42,000,000 share options of its common stock to employees under its Employee Share Option Plan (ESOP) at an exercise price of \$0.07 on 22 July 2019. Options under this plan vest immediately allowing the holder to purchase one ordinary share per option, exercisable in multiples of 100,000. The maximum term of the option granted under the ESOP ends on 13 September 2022. The weighted average fair value of options granted has been calculated as \$0.015 per option. All granted employee options were ultimately recognised as an expense in the statement of profit or loss with a corresponding credit to share option reserve for the value of \$630,000 according to AASB 2.

#### Review of Operations

Over the past few years, the Company's financial performance has continued to improve. The excellent financial result in the half year report to 31 December 2019 is another encouraging indication that we have invested our resources in the right areas. At the end of 2019, we moved into a new office premises with upgraded R&D facilities (Melbourne, Australia) and acquired a new block factory (Johor Bahru, Malaysia) to develop and produce new products for both our traditional industrial power and new energy markets.

#### Outlook

Our strategy moving forward is to keep identifying emerging industries with high growth potential. The e-Mobility market for example, has opened new opportunities for us as a supplier of high-efficiency power supplies.

The year of 2020 will be exciting as we anticipate 2 major product releases i) Bi-Directional Home Charger and ii) 50KW EV Charger Module. Both these products are expected to reinforce us as a supplier in the e-Mobility space to capture future business in low power DC home charging, and high-powered charging needed for public infrastructure.

#### 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 2019.

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



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Yanbin Wang

Director

Dated this 28<sup>th</sup> day of February 2020



## Auditor's Independence Declaration

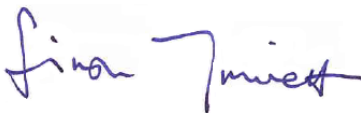
To the Directors of Rectifier Technologies Limited

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 2019, 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 2020

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Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389



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**Rectifier Technologies Ltd and Controlled Entities**

**ABN 82 058 010 692**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	31 December 2019 \$	31 December 2018 \$
Revenue	10,770,813	9,627,580
Other income	273,118	686,920
Changes in inventories of finished goods and work in progress	(2,057,607)	(840,703)
Raw materials and consumables used	(1,881,280)	(2,999,291)
Employee benefits expense	(2,557,844)	(2,340,192)
Share options expense	(630,000)	-
Depreciation expense	(221,888)	(119,998)
Finance costs	(89,839)	(72,866)
Other expenses	(1,349,867)	(2,362,162)
Profit before income tax expense	2,255,606	1,579,288
Income tax expense	(929,396)	(451,007)
<b>Net profit after income tax attributable to owners of Rectifier Technologies Limited</b>	<b>1,326,210</b>	<b>1,128,281</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences	17,666	36,969
<b>Total comprehensive income</b>	<b>1,343,876</b>	<b>1,165,250</b>
Basic profit per share (cents per share)	0.10	0.08
Diluted profit per share (cents per share)	0.10	0.08

The accompanying notes form part of these financial statements.

## Rectifier Technologies Ltd and Controlled Entities

ABN 82 058 010 692

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	31 December 2019 \$	30 June 2019 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	6,098,581	2,834,440
Trade and other receivables	2,220,624	1,432,197
Inventories	2,426,201	5,577,926
Current tax assets	796,040	493,784
<b>TOTAL CURRENT ASSETS</b>	<b>11,541,446</b>	<b>10,338,347</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	5,862,961	3,671,240
Deferred tax assets	202,495	215,839
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,065,456</b>	<b>3,887,079</b>
<b>TOTAL ASSETS</b>	<b>17,606,902</b>	<b>14,225,426</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,848,232	2,570,406
Interest bearing liabilities	452,895	543,286
Provisions	497,541	446,069
Current tax liability	1,812,564	1,228,943
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,611,232</b>	<b>4,788,704</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing liabilities	3,647,231	2,088,630
Deferred tax liabilities	28,948	42,613
Provisions	65,509	60,573
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,741,688</b>	<b>2,191,816</b>
<b>TOTAL LIABILITIES</b>	<b>8,352,920</b>	<b>6,980,520</b>
<b>NET ASSETS</b>	<b>9,253,982</b>	<b>7,244,906</b>
<b>EQUITY</b>		
Issued capital	6	39,851,775
Reserves	7	39,816,575
Accumulated losses		825,400
		177,734
		(31,423,193)
<b>TOTAL EQUITY</b>	<b>9,253,982</b>	<b>7,244,906</b>

The accompanying notes form part of these financial statements.

**Rectifier Technologies Ltd and Controlled Entities**

**ABN 82 058 010 692**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	<b>Share Capital Ordinary</b>	<b>Accumulated Losses</b>	<b>Foreign Currency Translation Reserve</b>	<b>Options Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1.7.2019</b>	39,816,575	(32,749,403)	177,734	-	7,244,906
Profit for the half-year	-	1,326,210	-	-	1,326,210
<b>Other comprehensive income</b>					
Foreign currency translation difference	-	-	17,666	-	17,666
<b>Total comprehensive income for the half-year</b>	-	1,326,210	17,666	-	1,343,876
<b>Transactions with owners in their capacity as owners</b>					
Shares Issued	35,200	-	-	-	35,200
Options reserve – share based payment	-	-	-	630,000	630,000
<b>Balance at 31.12.2019</b>	<b>39,851,775</b>	<b>(31,423,193)</b>	<b>195,400</b>	<b>630,000</b>	<b>9,253,982</b>
<b>Balance at 1.7.2018</b>	39,816,575	(34,876,441)	125,250	-	5,065,384
Profit for the half-year	-	1,128,281	-	-	1,128,281
<b>Other comprehensive income</b>					
Foreign currency translation difference	-	-	36,969	-	36,969
<b>Total comprehensive income for the half-year</b>	-	1,128,281	36,969	-	1,165,250
<b>Transactions with owners in their capacity as owners</b>					
Shares Issued	-	-	-	-	-
Options reserve – share based payment	-	-	-	-	-
<b>Balance at 31.12.2018</b>	<b>39,816,575</b>	<b>(33,748,160)</b>	<b>162,219</b>	<b>-</b>	<b>6,230,634</b>

The accompanying notes form part of these financial statements.

**Rectifier Technologies Ltd and Controlled Entities**

**ABN 82 058 010 692**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	31 December 2019 \$	31 December 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	9,343,729	6,770,160
Payments to suppliers and employees	(5,412,127)	(7,743,449)
Interest received	7,228	3,064
Finance costs	(69,911)	(71,873)
Tax paid	(635,883)	(41,197)
Net cash provided by/(used in) operating activities	<u>3,233,036</u>	<u>(1,083,295)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for plant and equipment	<u>(1,450,023)</u>	<u>(964,254)</u>
Net cash used in investing activities	<u>(1,450,023)</u>	<u>(964,254)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	35,200	-
Proceeds from debt	961,805	867,199
Repayment of borrowings	<u>(399,825)</u>	<u>(1,560)</u>
Net cash provided by financing activities	<u>597,180</u>	<u>865,639</u>
Net increase/(decrease) in cash and cash equivalents	2,380,193	(1,181,910)
Cash and cash equivalents at 1 July	2,834,440	2,183,902
Effect of exchange rate fluctuations on cash held	883,948	51,863
Cash and cash equivalents at 31 December	<u>6,098,581</u>	<u>1,053,855</u>

The accompanying notes form part of these financial statements.

## Rectifier Technologies Ltd and Controlled Entities

ABN 82 058 010 692

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

#### NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the half-year reporting period ended 31 December 2019 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 2019 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.

#### **AASB 2 Share-Based Payment**

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of the employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in the statement of profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital up to a nominal (or par) value of the shares issued with any excess being recorded as share premium.

#### ***New standards adopted as at 1 July 2019***

##### AASB 16 Leases

AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. AASB 16:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The new Standard has been applied using the modified retrospective approach for the current period. Prior periods have not been restated.

On transition, for leases previously accounted for as operating lease with a remaining lease term of less than 12 months or for leases of low-value assets the group has applied the option exemptions to not recognise right-of-use assets but to account for the lease expenses on a straight-line basis over the remaining lease term.

## Rectifier Technologies Ltd and Controlled Entities

ABN 82 058 010 692

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

#### NOTE 1: BASIS OF PREPARATION

On transition to AASB 16, the weighted average borrowing rate applied to lease liabilities recognised under AASB 16 was 5.88% for both of Rectifier Technologies Pacific Pty Ltd and Rectifier Technologies Singapore Pte Ltd, 5.19% for Rectifier Technologies Malaysia Sdn Bhd. The value of the right-of-use asset at 1 July 2019 was \$927,702 and \$869,972 at 31 December 2019. Amortisation expense for the half year was \$57,730.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019:

<b>Total operating lease commitments disclosed at 30 June 2019</b>	<b>1,484,806</b>
Recognition exemptions	(33,731)
Discounted using incremental borrowing rate & other adjustments	(625,044)
Operating lease liabilities recognised under AASB 16 at 1 July 2019	41,419
Finance Lease Liabilities [Note 3]	550,155
<b>Total lease liabilities recognised under AASB 16 at 1 July 2019</b>	<b>1,417,605</b>

#### AASB Interpretation 23 Uncertainty over Income Tax Treatments

The adoption of this amending Standard has not impacted on the disclosure or the amounts recognised in the Group's consolidated financial statements at the current reporting period to 31 December 2019.

#### **(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 with the exception of AASB16, IFRIC 23 and AASB 2 as described above.

#### **(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 2019.

## Rectifier Technologies Ltd and Controlled Entities

ABN 82 058 010 692

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

#### NOTE 2: DIVIDENDS

No dividend was paid or recommended during the interim period.

#### NOTE 3: LEASING

Lease liabilities are presented in the statement of financial position within interest bearing liabilities are as follows:

	31 Dec 2019	30 Jun 2019
<b>Lease Liabilities</b>		
Consolidated Entity:		
Lease Liabilities (current)	320,867	163,690
Lease Liabilities (non-current)	1,033,194	386,465
<b>Total</b>	<b>1,354,061</b>	<b>550,155</b>

The Group has leases for the offices, staff accommodations, equipments and motor vehicles in Australia, Singapore and Malaysia. Future minimum lease payments at 31 December 2019 were as follows:

31 Dec 2019	0 – 12 mths	1 – 5 years	> 5 years	Total
<b>Lease Liabilities</b>				
Consolidated Entity:				
Lease Payments	396,203	1,080,655	94,693	1,571,551
Finance Charges	(75,336)	(140,100)	(2,054)	(217,490)
<b>Net present Value</b>	<b>320,867</b>	<b>940,555</b>	<b>92,639</b>	<b>1,354,061</b>

30 Jun 2019	0 – 12 mths	1 – 5 years	> 5 years	Total
<b>Lease Liabilities</b>				
Consolidated Entity:				
Lease Payments	197,658	417,395	-	615,053
Finance Charges	(33,968)	(30,930)	-	(64,898)
<b>Net present Value</b>	<b>163,690</b>	<b>386,465</b>	<b>-</b>	<b>550,155</b>



## Rectifier Technologies Ltd and Controlled Entities

ABN 82 058 010 692

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

#### NOTE 4: 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 2014/2015) manufactures and distributes 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. Rectifier Technologies Singapore Pte Ltd only focuses on distribution.

#### 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. Rectifier Technologies Singapore Pte Ltd only focuses on distribution.

#### Industrial Power Supplies (Electric vehicles)

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

#### 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 2019, is as follows:

**Rectifier Technologies Ltd and Controlled Entities**

**ABN 82 058 010 692**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

**NOTE 4: SEGMENT INFORMATION**

<b>Half-year ended</b>	<b>Electronic Components</b>	<b>Industrial Power Supplies (E/D)</b>	<b>Industrial Power Supplies (T&amp;T)</b>	<b>Industrial Power Supplies (EV)</b>	<b>Total</b>
<b>31-Dec-19</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total segment revenue	119,985	3,866,971	1,491,562	13,118,647	18,597,165
Inter-segment revenue	-	(1,684,343)	(595,746)	(5,273,464)	(7,553,553)
Revenue from external customers	119,985	2,182,628	895,816	7,845,183	11,043,612
Segment Result (EBITDA)	49,082	892,844	366,450	3,209,214	4,517,590
<b>Half-year ended</b>	<b>Electronic Components</b>	<b>Industrial Power Supplies (E&amp;D)</b>	<b>Industrial Power Supplies (T&amp;T)</b>	<b>Industrial Power Supplies (EV)</b>	<b>Total</b>
<b>31-Dec-18</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total segment revenue	222,796	3,501,728	675,477	12,073,158	16,473,159
Inter-segment revenue	-	(1,232,229)	(88,139)	(4,949,897)	(6,270,265)
Revenue from external customers	222,796	2,269,499	587,338	7,123,261	10,202,894
Segment Result (EBITDA)	81,148	826,612	213,924	2,594,483	3,716,167
<b>Total segment assets</b>					
31-Dec-19	279,188	5,078,653	2,084,432	18,254,579	25,696,852
31-Dec-18	445,513	4,538,183	1,174,465	14,243,964	20,402,125

# Rectifier Technologies Ltd and Controlled Entities

ABN 82 058 010 692

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### NOTE 4: SEGMENT INFORMATION

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

	Consolidated	
	31 December 2019 \$	31 December 2018 \$
<b>Segment Result</b>	<b>4,517,590</b>	<b>3,716,167</b>
Corporate Cost (excluding finance, depreciation and amortisation expense)	(1,957,485)	(1,947,078)
Interest / Finance costs	(82,611)	(69,802)
Depreciation	(221,888)	(119,998)
<b>Profit/(Loss) before income tax from continuing operations</b>	<b>2,255,606</b>	<b>1,579,289</b>

### NOTE 5: CONTINGENT LIABILITIES

There are no contingent liabilities or contingent assets as at 31 December 2019.

### NOTE 6: CONTRIBUTED EQUITY

	31 December 2019 \$	31 December 2018 \$
Opening balance 1 July	39,816,575	39,816,575
Shares issued	35,200	-
Closing balance 31 December	<u>39,851,775</u>	<u>39,816,575</u>

	Number	Number
Opening balance 1 July	1,366,900,602	1,366,900,602
Shares issued	1,760,000	-
Closing balance 31 December	<u>1,368,660,602</u>	<u>1,366,900,602</u>

## Rectifier Technologies Ltd and Controlled Entities

ABN 82 058 010 692

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

#### NOTE 7: SHARE-BASED EMPLOYEE REMUNERATION

On 22 July 2019, the Company granted 42,000,000 share options of its common stock to employees under its Employee Share Option Plan (ESOP) at an exercise price of \$0.07. Options under this plan vest immediately allowing the holder to purchase one ordinary share per option, exercisable in multiples of 100,000. The maximum term of the option granted under the ESOP ends on 13 September 2022.

The weighted average fair value of options granted during the year has been calculated as \$0.015 per option. This value was calculated by using the Black-Scholes pricing model applying the following inputs:

Weighted average fair value:	0.015
Weighted average life of the options:	1.57 years
Expected share price volatility	62%
Risk-free interest rate:	0.75%

The underlying expected volatility was determined by reference to historical data of the Company's share over a period of time in conjunction with comparable market data within the industry.

	Options
Outstanding at 1 July 2019	-
Granted	42,000,000
Forfeited	-
Exercised	-
Expired	-
Outstanding at 31 December 2019	42,000,000

#### NOTE 8: EVENTS SUBSEQUENT TO BALANCE DATE

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

#### NOTE 9: COMMITMENTS

Rectifier Technologies Malaysia Sdn Bhd has non-cancellable purchase commitments of approx.1.85 million and estimated delivery in the next few month.

**Rectifier Technologies Ltd and Controlled Entities**

**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 2019 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 2019 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:



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Yanbin Wang

Director

Melbourne

Dated this 28<sup>th</sup> day of February, 2020

# Independent Auditor's Review Report

## To the Members of Rectifier Technologies Limited





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 2019, 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 2019, 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 2019 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.

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.

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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 2020