RECTIFIER TECHNOLOGIES LTD

ABN: 82 058 010 692

ANNUAL REPORT 2021

Directors	Mr. Ying Ming Wang Mr. Yanbin Wang Mr. Valentino Vescovi Mr. Nigel Machin
Company secretary	Mr. Justyn Stedwell
Registered office	97 Highbury Road BURWOOD, VIC 3125 Telephone: + 61 3 9896 7550 Facsimile: + 61 3 9896 7566
Share register	Computershare Investor Services Pty Ltd 452 Johnston Street ABBOTSFORD, VIC 3067 Telephone: 1300 137 328
Auditor	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, VIC 3128
Stock exchange listing	Rectifier Technologies Ltd shares are listed on the Australian Securities Exchange (ASX code: RFT)
Website	https://www.rectifiertechnologies.com/
Corporate Governance Statement	The directors and management are committed to conducting the business of Rectifier Technologies Ltd in an ethical manner and in accordance with the highest standards of corporate governance. Rectifier Technologies Ltd has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The consolidated entity's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Company's website at https://www.rectifiertechnologies.com/investors-relations/.

Financial Results

The Company reported a decrease in the revenue by approximately 20.36% to $13.3 million from $16.7 million in the previous reporting period.

The decrease in revenue from 30 June 2020 was mainly due to the global economy impacted by the COVID-19 pandemic circulating continually. Customers reduced spending, and short-term supply chain shortages reduced productivity as a result of lockdowns.

Profit before tax was reduced to $1.03 million at the current reporting period compared to $3.1 million in the last reporting period. However, the Company still reported a profit with a practical plan and substantial reserve to mitigate risk exposure during the pandemic.

The following table below shows the results for the 12 months to June 2021 compared with those of the previous corresponding period.

	($'000')	
	2021	**2020**
Revenue from continuing operations (refer to note 3)	13,266	16,735
Gross Profit	6,042	8,565
Gross Margin %	51%	54%
Profit from continuing operations before tax	1,033	3,085
Income Tax Expense	(493)	(1,263)
Profit from continuing operations after tax	540	1,822
Net Profit	540	1,822

Funding

On 6 February 2017, Rectifier Technologies Malaysia obtained a loan amounting to MYR 5,460,000 (AUD 1,629,851) from Public Bank Berhad to acquire a new manufacturing facility. The carrying amount of the loan was MYR 4,899,598 (AUD 1,569,479) as at 30 June 2021.

On 7 October 2019, Rectifier Technologies Malaysia obtained a loan amounting to MYR 2,730,000 (AUD 929,393) from the same bank to acquire a new manufacturing facility. The carrying amount of the loan was MYR 2,671,654 (AUD 855,806) as at 30 June 2021.

On 2 October 2020, Rectifier Technologies Malaysia obtained a loan amounting to MYR 498,800 (AUD 159,780) from the same bank to acquire rooftop solar PV net energy metering. The carrying amount of the loan was MYR 472,008 (AUD 151,197) at the end of the reporting period of 2021.

The total balance of the loan was MYR 8,043,260 (AUD 2,576,482) at the end of the current reporting period.

Dividends Payments

On 31 August 2020, the Company declared to pay a 0.1 cent ($0.001) per share fully franked dividend. The total amount of $1,375,701 was distributed to shareholders on 8 December 2020.

No dividend was declared for the 2021 Financial year.

Review of Operations

The Group has successfully navigated during the COVID-19 period and reported a profit at the current reporting period. The E-Mobility industry remains an area of focus for the Group. Additional engineers joined the R&D team at our Melbourne office during the current reporting period.

Outlook

Since the initial COVID-19 outbreak, industry recovery remains inconsistent as the Company manages operations amid lockdowns and the global component (and material) shortage situation.

Our engineering group has continued to release the first customer samples of the 'RT22 50KW EV Charger Module', which has been met with intense interest by the end of 2021. The RT22 platform will include future-proof features to address the needs of the rapidly growing high-powered EV charging market and the upcoming Megawatt Charging System (MCS) standards for the charging of heavy commercial marine and aviation EVs. The delivery of other developments such as the 'Highbury DC Bi-Directional Charger' and 'high-voltage input rectifier' will be scheduled till mid-2022.

In supporting our business' future growth, we are looking forward to integrating our current operating and accounting systems on a united platform with ERP implementation from September 2021.

The Company expects revenues from our legacy and electric vehicle charging markets will be improving in the 2022 financial year.

On behalf of the Board

Ying Ming Wang
Chairman

30 September 2021
Melbourne

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Rectifier Technologies Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors
The following persons were directors of Rectifier Technologies Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr. Ying Ming Wang
Mr. Yanbin Wang
Mr. Valentino Vescovi
Mr. Nigel Machin

Principal activities
The principal activities of the consolidated entity during the financial year were the design and manufacture of high efficiency power rectifiers, and the production of electronic and specialised magnetic components.

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2021 $	2020 $
Final dividend paid during the year ended 30 June 2021 of 0.1 cents (for the year ended 30 June 2020: nil cents) per ordinary share	1,375,701	-

The dividends paid on 8 December 2020 totalling to $1,375,701 refers to the 30 June 2020 financial year. There are no dividends declared in relation to the 30 June 2021 financial year as a result of the reduced revenue and profit due to the global economic impact of COVID-19.

Review of operations
The profit for the consolidated entity after providing for income tax amounted to $540,379 (30 June 2020: $1,821,638).

Specific information on the review of operations, financial position and business strategies is stated in the Chairman’s report.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the consolidated entity, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the consolidated entity's operations going forward. The consolidated entity now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years is stated in the Chairman’s report.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Mr. Ying Ming Wang
Title:	Chairman – Non-Executive
Qualifications:	Master of Science
Experience and expertise:	As Managing Director of the Pudu Group, Ying Ming has built up a range of technology and property businesses including Epern Telecom Co. Ltd., Beijing's largest privately owned ISP. He is also involved in China Digital Kingdom an internet datacentre development business in China. Board Member since June 2006
Other current directorships:	Pudu Group
Former directorships (last 3 years):	None
Special responsibilities:	Member of the audit committee
Interests in shares:	224,643,616 Ordinary Shares
Interests in options:	None

Name:	Mr. Yanbin Wang
Title:	Director – Executive and Chief Executive Officer
Qualifications:	Master of Law, Bachelor of Philosophy
Experience and expertise:	Before joining Rectifier Technologies as CEO in 2010, Yanbin was Chief Operations Officer at Tianjin IC Card Public Network Company of Tianjin China and Vice-President of Transtech Sino America, based in Florida USA. He was instrumental in the restructuring of the Rectifier Technologies group in 2012, leading it back to growth and profitability. Board Member since August 2010
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the audit committee
Interests in shares:	70,000,000 Ordinary Shares
Interests in options:	None

Name:	Mr. Valentino Vescovi
Title:	Director – Non-Executive
Qualifications:	Master of Science, Bachelor of Science
Experience and expertise:	As a founding director of Rectifier Technologies Pacific, Valentino was instrumental in its product development programs that led the world in telecom power using switch mode technology. He brings to the board a significant amount of technical and business expertise. Board member 2003-2010 and from 30 October 2012
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of audit committee
Interests in shares:	37,640,000 Ordinary Shares
Interests in options:	None

Name:	Mr. Nigel Machin
Title:	Director – Executive and Head of Power Engineering
Qualifications:	Bachelor of Engineering
Experience and expertise:	Nigel was a founding director of Rectifier Technologies Pacific and has been involved in all its product development since. Before Rectifier Technologies, Nigel was involved in induction melting equipment at Inductotherm Melting, in sound reinforcement power amplifiers for professional audio at Clockwork Audio, then in telecom power supplies at Ausmode/Exicom. He has published 8 papers and holds two current patents. Board member since 3 April 2017
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of audit committee
Interests in shares:	22,010,000 Ordinary Shares
Interests in options:	1,800,000 unlisted options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Mr. Justyn Stedwell was appointed as Company Secretary on 31 July 2014. He is a professional Company Secretary with over 10 years' experience as a Company Secretary of ASX listed companies. Mr Stedwell holds Bachelor of Commerce from Monash University and a Graduate Diploma in Accounting from Deakin University.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Mr. Ying Ming Wang	4	4	2	2
Mr. Yanbin Wang	4	4	2	2
Mr. Valentino Vescovi	4	4	2	2
Mr. Nigel Machin	4	4	2	2

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration
The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 29 January 2021, where the shareholders approved a maximum annual aggregate remuneration of $32,760.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives in accordance with performance guidelines established by the Board. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2021.

Consolidated entity performance and link to remuneration
As part of each executive director and executive's remuneration package there may be a performance-based component, consisting of key performance indicators (KPI's). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. Where applicable, the KPI's are set annually, with a certain level of consultation with directors/executives to ensure buy-in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. The KPI's target areas the Board believes hold greater potential for the consolidated entity expansion and profit, covering financial and non-financial as well as short-term and long-term goals. The level set for each KPI is based on budgeted figures for the consolidated entity and respective industry standards.

Performance in relation to the KPI's is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPI's achieved. Following the assessment, the KPI's are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the consolidated entity's goals and shareholder wealth, before the KPI's are set for the following year.

In determining whether or not a KPI has been achieved, Rectifier Technologies Ltd bases the assessment on audited figures, however, where the KPI involves comparison of individual performance within the consolidated entity, management reports which form the foundation for the consolidated entity audited results are used.

Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Use of remuneration consultants
During the financial year ended 30 June 2021, the consolidated entity, did not engage any remuneration consultants.

Voting and comments made at the Company's 30 June 2020 Annual General Meeting ('AGM')
At the 29 January 2021 AGM, 99.76% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Rectifier Technologies Ltd:
- Mr. Ying Ming Wang - Chairman – Non-Executive
- Mr. Yanbin Wang - Director – Executive and Chief Executive Officer
- Mr. Valentino Vescovi - Director – Non-Executive
- Mr. Nigel Machin - Director – Executive and Head of Power Engineering

And the following persons:
- Mr. Paul Davis - Operations Manager – Rectifier Technologies Pacific Pty Ltd
- Mr. Seong Bow Lee - General Manager – Rectifier Technologies (M) Sdn Bhd
- Mr. Nicholas Yeoh - Director of Sales & Marketing – Rectifier Technologies Singapore Pte Ltd

2021	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus* $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Mr. Ying Ming Wang	16,500	-	-	-	-	-	16,500
Mr. Valentino Vescovi	11,000	-	-	-	-	-	11,000
Executive Directors:							
Mr. Yanbin Wang	296,182	26,801	20,230	43,541	-	-	386,754
Mr. Nigel Machin	187,432	12,937	-	29,547	4,910	-	234,826
Other Key Management Personnel:							
Mr. Paul Davis	158,849	18,789	-	23,856	4,253	-	205,747
Mr. Seong Bow Lee	90,110	9,676	1,250	12,252	-	-	113,288
Mr. Nicholas Yeoh	288,083	23,248	1,841	-	-	-	313,172
	1,048,156	91,451	23,321	109,196	9,163	-	1,281,287

* The cash bonus were approved upon payment on 29 January 2021.

2020	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus* $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Mr. Ying Ming Wang	15,750	-	-	-	-	-	15,750
Mr. Valentino Vescovi	10,500	-	-	-	-	-	10,500
Executive Directors:							
Mr. Yanbin Wang	353,160	44,884	21,075	6,912	-	-	426,031
Mr. Nigel Machin	179,045	22,836	-	29,691	6,256	-	237,828
Other Key Management Personnel:							
Mr. Paul Davis	150,546	26,022	-	25,151	5,515	-	207,234
Mr. Seong Bow Lee	92,752	10,690	1,054	12,715	-	-	117,211
Mr. Nicholas Yeoh	296,864	35,267	1,940	-	-	-	334,071
	1,098,617	139,699	24,069	74,469	11,771	-	1,348,625

* The cash bonus were approved upon payment on 31 January 2020.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2021	Fixed remuneration 2020	Performance-based remuneration - STI 2021	Performance-based remuneration - STI 2020	Performance-based remuneration - LTI 2021	Performance-based remuneration - LTI 2020
Non-Executive Directors:						
Mr. Ying Ming Wang	100.00%	100.00%	-	-	-	-
Mr. Valentino Vescovi	100.00%	100.00%	-	-	-	-
Executive Directors:						
Mr. Yanbin Wang	93.07%	89.46%	6.93%	10.54%	-	-
Mr. Nigel Machin	94.49%	90.40%	5.51%	9.60%	-	-
Other Key Management Personnel:						
Mr. Paul Davis	90.87%	87.44%	9.13%	12.56%	-	-
Mr. Seong Bow Lee	91.46%	90.88%	8.54%	9.12%	-	-
Mr. Nicholas Yeoh	92.58%	89.44%	7.42%	10.56%	-	-

Service agreements
The employment conditions of the CEO and specified executives are formalised in contracts of employment and all contracts require 4 weeks' notice, with no termination payments specified other than employee entitlements.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2021.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 $	2020 $	2019 $	2018 $	2017 $
Revenue (Including discontinued operation)	13,266,295	16,734,759	18,874,493	7,834,710	6,880,448
Net Profit/(Loss)	540,379	1,821,638	2,127,038	62,442	(35,900)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end (cents per share)	2.80	3.80	4.60	2.60	1.70
Changes Share price at financial year end (cents per share)	(1.00)	(0.80)	2.00	0.90	1.20
Total dividends paid (cents per share)	0.10	-	-	-	-

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr. Ying Ming Wang	224,643,616	-	-	-	224,643,616
Mr. Yanbin Wang	70,000,000	-	-	-	70,000,000
Mr. Valentino Vescovi	30,600,000	-	7,040,000	-	37,640,000
Mr. Nigel Machin	22,010,000	-	-	-	22,010,000
Mr. Paul Davis	5,000,000	-	-	-	5,000,000
Mr. Seong Bow Lee	2,767,550	-	-	-	2,767,550
Mr. Nicholas Yeoh	20,500,000	-	-	-	20,500,000
	375,521,166	-	7,040,000	-	382,561,166

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr. Ying Ming Wang	-	-	-	-	-
Mr. Yanbin Wang	-	-	-	-	-
Mr. Valentino Vescovi	7,040,000	-	(7,040,000)	-	-
Mr. Nigel Machin	1,800,000	-	-	-	1,800,000
Mr. Paul Davis	3,000,000	-	-	-	3,000,000
Mr. Seong Bow Lee	3,000,000	-	-	-	3,000,000
Mr. Nicholas Yeoh	3,000,000	-	-	-	3,000,000
	17,840,000	-	(7,040,000)	-	10,800,000

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Rectifier Technologies Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
June 2003	No expiry date	$0.020	4,480,000
November 2003	No expiry date	$0.020	8,360,000
July 2019	13 September 2022	$0.070	42,000,000
			54,840,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
The following ordinary shares of Rectifier Technologies Ltd were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
June 2003	$0.020	7,040,000

Indemnity and insurance of officers or auditor
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year the Company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company and of any related body corporate, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $32,760 for all directors and officers

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or an auditor.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of Grant Thornton
There are no officers of the Company who are former partners of Grant Thornton.

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Mr. Yanbin Wang
Director

30 September 2021
Melbourne

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Auditor's Independence Declaration

To the Directors of Rectifier Technologies Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Rectifier Technologies Ltd for the year ended 30 June 2021, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Simon Trivett

S C Trivett
Partner – Audit & Assurance

Melbourne, 30 September 2021

Rectifier Technologies Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Revenue	5	11,841,712	15,860,046
Other income	6	1,415,332	862,773
Interest revenue		9,251	11,940
Expenses			
Changes in inventories of finished goods and work in progress		(424,565)	(1,089,437)
Raw materials and consumables used		(4,022,084)	(4,715,006)
Employee benefits expense		(5,071,148)	(5,099,663)
Depreciation expense	7	(554,839)	(502,523)
Share options expense		-	(630,000)
Other expenses		(2,010,880)	(1,424,667)
Finance costs	7	(149,094)	(187,852)
Profit before income tax expense		1,033,685	3,085,611
Income tax expense	8	(493,306)	(1,263,973)
Profit after income tax expense for the year attributable to the owners of Rectifier Technologies Ltd		540,379	1,821,638
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(205,003)	(135,906)
Other comprehensive income for the year, net of tax		(205,003)	(135,906)
Total comprehensive income for the year attributable to the owners of Rectifier Technologies Ltd		335,376	1,685,732
		Cents	**Cents**
Basic earnings per share	29	0.04	0.13
Diluted earnings per share	29	0.04	0.13

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Rectifier Technologies Ltd
Statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Assets			
Current assets			
Cash and cash equivalents	9	6,241,106	6,873,680
Trade and other receivables	10	1,728,532	1,676,228
Inventories	11	1,906,090	2,555,080
Current tax assets	8	1,066,189	726,598
Total current assets		10,941,917	11,831,586
Non-current assets			
Property, plant and equipment	12	5,325,405	5,651,766
Intangibles	14	106,048	-
Deferred tax assets	8	464,209	452,501
Total non-current assets		5,895,662	6,104,267
Total assets		16,837,579	17,935,853
Liabilities			
Current liabilities			
Trade and other payables	15	2,649,978	2,251,184
Borrowings	16	154,710	133,816
Lease liabilities	17	295,410	328,075
Current tax liabilities	8	934,751	1,143,210
Employee benefits	18	747,547	608,773
Total current liabilities		4,782,396	4,465,058
Non-current liabilities			
Borrowings	16	2,439,390	2,567,043
Lease liabilities	17	588,464	862,767
Deferred tax liabilities	8	271,675	375,160
Employee benefits	18	59,341	69,987
Total non-current liabilities		3,358,870	3,874,957
Total liabilities		8,141,266	8,340,015
Net assets		8,696,313	9,595,838
Equity			
Issued capital	19	39,992,575	39,851,775
Reserves	20	466,825	671,828
Accumulated losses		(31,763,087)	(30,927,765)
Total equity		8,696,313	9,595,838

The above statement of financial position should be read in conjunction with the accompanying notes

Rectifier Technologies Ltd
Statement of changes in equity
For the year ended 30 June 2021

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2019	39,816,575	177,734	(32,749,403)	7,244,906
Profit after income tax expense for the year	-	-	1,821,638	1,821,638
Other comprehensive income for the year, net of tax	-	(135,906)	-	(135,906)
Total comprehensive income for the year	-	(135,906)	1,821,638	1,685,732
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 19)	35,200	-	-	35,200
Share-based payments (note 32)	-	630,000	-	630,000
Balance at 30 June 2020	39,851,775	671,828	(30,927,765)	9,595,838

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2020	39,851,775	671,828	(30,927,765)	9,595,838
Profit after income tax expense for the year	-	-	540,379	540,379
Other comprehensive income for the year, net of tax	-	(205,003)	-	(205,003)
Total comprehensive income for the year	-	(205,003)	540,379	335,376
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 19)	140,800	-	-	140,800
Dividends paid (note 21)	-	-	(1,375,701)	(1,375,701)
Balance at 30 June 2021	39,992,575	466,825	(31,763,087)	8,696,313

The above statement of changes in equity should be read in conjunction with the accompanying notes

Rectifier Technologies Ltd
Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		13,640,920	22,403,640
Payments to suppliers and employees		(11,515,086)	(15,625,852)
Government grants (COVID-19)		435,900	385,930
Interest received		16,984	12,311
Finance costs		(149,094)	(1,113)
Income taxes paid		(832,165)	(995,477)
Net cash from operating activities	30	1,597,459	6,179,439
Cash flows from investing activities			
Payments for property, plant and equipment		(570,904)	(2,001,238)
Proceeds from disposal of property, plant and equipment		126	-
Net cash used in investing activities		(570,778)	(2,001,238)
Cash flows from financing activities			
Proceeds from issue of shares	19	140,800	35,200
Proceeds from borrowings		177,617	1,564,321
Dividends paid	21	(1,375,701)	-
Repayment of borrowings		(126,018)	(884,979)
Repayment of lease liabilities		(324,456)	(374,601)
Net cash from/(used in) financing activities		(1,507,758)	339,941
Net increase/(decrease) in cash and cash equivalents		(481,077)	4,518,142
Cash and cash equivalents at the beginning of the financial year		6,873,680	2,834,440
Effects of exchange rate changes on cash and cash equivalents		(151,497)	(478,902)
Cash and cash equivalents at the end of the financial year	9	6,241,106	6,873,680

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Rectifier Technologies Ltd as a consolidated entity consisting of Rectifier Technologies Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Rectifier Technologies Ltd's functional and presentation currency.

Rectifier Technologies Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

97 Highbury Road
Burwood, VIC 3125

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Configuration or Customisation Costs in a Cloud Computing Arrangement (AASB 138 Intangible Assets)
During the financial year the International Financial Reporting Interpretations Committee IFRIC identified that various approaches to customisation and configuration costs for cloud computing arrangements were utilised by companies depending on internal policy. These policies varied from expensing all costs in full to capitalisation of all costs in full, with most entities taking a more nuanced approach in their capitalisation policy and differentiating between expenditure with different underlying fact patterns.

The Agenda Decision requires that management capitalise those elements of expenditure that meet the definition of an “Intangible Asset” as defined by AASB 138 Intangible Assets and recognise any additional amounts as an expense as the entity benefits from the expenditure – either by applying AASB 138 or applying another accounting standard.

The impact of this decision has not had a material impact on the consolidated entity's financial statements.

Going concern

The financial report has been prepared on the basis of the Group continuing as a going concern, which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business.

Note 2. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for investments that have been measured at fair value.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Rectifier Technologies Ltd ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Rectifier Technologies Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Rectifier Technologies Ltd's functional and presentation currency.

Note 2. Significant accounting policies (continued)

Foreign currency transactions
Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of power rectifiers and the related after-sales services is recognised at the point in time when the consolidated entity satisfies performance obligations by transferring the promised products and services, which is generally at the time of delivery.

The consolidated entity recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the consolidated entity satisfies a performance obligation before it receives the consideration, the consolidated entity recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Rectifier Technologies Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Significant accounting policies (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'weighted average' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Freehold land is not depreciated but is subject to impairment testing if there is any indication of impairment.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	50 years
Leasehold improvements	10 years
Plant and equipment	2.5-5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 2. Significant accounting policies (continued)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when: it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity at the vesting date which is at the grant date. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Rectifier Technologies Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

R & D tax rebate
The consolidated entity has recognised the R&D rebate on an accrual basis. As the return has not yet been submitted, the consolidated entity has made an estimate of the likely refund amount based on the preliminary number provided by external tax consultant.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into 4 operating segments as described below. These operating segments are based on the internal reports that are reviewed and used by the executive management committee (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and determining the allocation of resources. The executive management committee considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. There is no aggregation of operating segments.

Segment	Description
Electronic Components	Under this segment, Rectifier Technologies Pacific Pty Ltd and Rectifier Technologies Malaysia Sdn Bhd which is based in Malaysia manufacture electronic components for a number of industries.
Industrial Power Supplies (Electricity generation/ distribution and Defence) ('E&D')	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) ('T&T')	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) ('EV')	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. Rectifier Technologies Singapore Pte Ltd only focuses on distribution.

The CODM reviews earnings before interest, tax, depreciation and amortisation ('EBITDA'). This measure excludes non-recurring expenditure such as restructuring costs, impairments and share-based payments as well as interest revenue and interest expense and other items which are considered part of the corporate treasury function. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis. Refer to note 5 for geographic information.

Intersegment transactions
Intersegment transactions were made at market rates. Inter-segment revenue comprises sales between segments which are on arm's length terms. Intersegment transactions are eliminated on consolidation.

Note 4. Operating segments (continued)

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the year ended 30 June 2021, revenue of $6,513,519 (2020: $9,797,329) and $1,164,100 (2020: $1,846,270) were derived from two Australian customers, which are allocated to the Industrial Power Supplies (EV) and Industrial Power Supplies (E&D) segments respectively. Revenue of $1,301,035 (2020: $1,323,290) was derived from a single (2020: single) customer in Singapore under the Industrial Power Supplies (E&D) segment.

Operating segment information

Consolidated - 2021	Electronic components $	Industrial power supplies (E&D) $	Industrial power supplies (T&T) $	Industrial power supplies (EV) $	Eliminations/ Corporate $	Total $
Revenue						
Sales to external customers	249,272	3,733,729	1,857,809	7,418,493	-	13,259,303
Intersegment sales	8,209	1,374,832	1,439,791	4,838,330	(7,661,162)	-
Total revenue	257,481	5,108,561	3,297,600	12,256,823	(7,661,162)	13,259,303
EBITDA	24,444	366,139	182,182	727,476	437,377	1,737,618
Depreciation and amortisation	(198,982)	(138,247)	(27,363)	(190,247)	-	(554,839)
Finance costs	(85,174)	(35,524)	(7,856)	(28,180)	7,640	(149,094)
Profit/(loss) before income tax expense	(259,712)	192,368	146,963	509,049	445,017	1,033,685
Income tax expense						(493,306)
Profit after income tax expense						540,379
Assets						
Segment assets	348,457	5,219,368	2,597,026	10,370,288	(1,697,560)	16,837,579
Total assets						16,837,579
Liabilities						
Segment liabilities	180,070	2,697,172	1,342,045	5,358,973	(1,436,994)	8,141,266
Total liabilities						8,141,266

Note 4. Operating segments (continued)

Consolidated - 2020	Electronic components $	Industrial power supplies (E&D) $	Industrial power supplies (T&T) $	Industrial power supplies (EV) $	Eliminations/ Corporate $	Total $
Revenue						
Sales to external customers	328,773	4,641,325	1,430,474	10,332,997	-	16,733,569
Intersegment sales	-	1,570,986	857,693	7,040,990	(9,469,669)	-
Total revenue	328,773	6,212,311	2,288,167	17,373,987	(9,469,669)	16,733,569
EBITDA	105,200	1,485,122	457,720	3,306,333	(1,590,329)	3,764,046
Depreciation and amortisation	(166,430)	(159,869)	(54,018)	(122,206)	-	(502,523)
Interest revenue	1,115	4,823	487	4,324	1,191	11,940
Finance costs	(90,834)	(47,157)	(26,915)	(22,946)	-	(187,852)
Profit/(loss) before income tax expense	(150,949)	1,282,919	377,274	3,165,505	(1,589,138)	3,085,611
Income tax expense						(1,263,973)
Profit after income tax expense						1,821,638
Assets						
Segment assets	411,085	5,803,328	1,788,607	12,919,968	(2,987,135)	17,935,853
Total assets						17,935,853
Liabilities						
Segment liabilities	232,620	3,283,921	1,012,117	7,311,004	(3,499,647)	8,340,015
Total liabilities						8,340,015

Geographical information

	Sales to external customers		**Geographical non-current assets**	
	2021 $	**2020 $**	**2021 $**	**2020 $**
Australia	5,655,250	4,834,309	1,136,777	1,123,444
Asia	1,540,462	1,813,185	4,188,626	4,528,322
North America	1,745,298	1,446,203	-	-
South America	68,713	36,709	-	-
Europe	2,810,016	7,725,996	-	-
Oceania	21,972	3,644	-	-
	11,841,711	15,860,046	5,325,403	5,651,766

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 5. Revenue

	Consolidated	
	2021 $	**2020 $**
Sale of goods	11,841,712	15,860,046

Note 5. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2021 $	2020 $
Geographical regions		
Australia	5,655,250	4,834,309
Asia	1,540,462	1,813,185
North America	1,745,298	1,446,203
South America	68,713	36,709
Europe	2,810,016	7,725,996
Oceania	21,973	3,644
	11,841,712	15,860,046
Timing of revenue recognition		
Goods transferred at a point in time	11,841,712	15,860,046

Note 6. Other income

	Consolidated	
	2021 $	2020 $
Research and development tax rebate	877,691	605,834
Government grants (COVID-19)	435,900	179,500
Other	101,741	77,439
Other income	1,415,332	862,773

Note 7. Expenses

	Consolidated 2021 $	2020 $
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	5,799,730	7,294,912
Depreciation		
Buildings	166,629	148,009
Leasehold improvements	36,749	32,649
Plant and equipment	336,450	305,545
Motor vehicles	15,011	16,320
Total depreciation	554,839	502,523
Finance costs		
Interest and finance charges paid/payable on borrowings	86,269	102,115
Interest and finance charges paid/payable on lease liabilities	62,825	85,737
Finance costs expensed	149,094	187,852
Net foreign exchange loss		
Net foreign exchange loss	457,220	31,671
Net loss on disposal		
Net loss on disposal of property, plant and equipment	-	66,463
Superannuation expense		
Defined contribution superannuation expense	515,573	447,689
Research costs		
Research costs	1,983,728	1,392,722

Note 8. Income tax

	Consolidated	
	2021	2020
	$	$
Income tax expense		
Current tax	608,499	1,198,056
Deferred tax - origination and reversal of temporary differences	(115,193)	65,917
Aggregate income tax expense	493,306	1,263,973
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	1,033,685	3,085,611
Tax at the statutory tax rate of 26% (2020: 27.5%)	268,758	848,543
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development expenditures	515,769	184,233
Controlled foreign company attributed income	129,068	138,651
Other non-allowable items	41,697	173,250
Foreign tax offset	28,313	38,289
Other non-assessable items	(490,299)	(17,187)
	493,306	1,365,779
Difference in overseas tax rates	-	(101,806)
Income tax expense	493,306	1,263,973

The corporate tax rate applicable to base rate entities reduces from 27.5% to 26% for the 2020-21 income year and further reduces to 25% prospectively from the 2021-22 income year. The Company qualifies as a base rate entity as it has a turnover of less than $50 million and less than 80% of its assessable income is derived from base rate entity passive income. The Company has remeasured its deferred tax balances, and any unrecognised potential tax benefits arising from carried forward tax losses, based on the effective tax rate that is expected to apply in the year the temporary differences are expected to reverse or benefits from tax losses realised. The impact of the change in tax rate on deferred tax balances has been included as a reconciling item in table above in profit or loss or as an adjustment to equity to the extent to which the deferred tax relates to items previously recognised outside profit or loss.

	Consolidated	
	2021	2020
	$	$
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	18,409,592	18,409,592
Potential tax benefit at statutory tax rates	4,602,398	5,062,638

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 8. Income tax (continued)

	Consolidated 2021 $	Consolidated 2020 $
Net deferred tax assets		
Net deferred tax assets comprises temporary differences attributable to:		
Employee benefits	171,344	149,065
Accrued expenses	197,616	12,362
Inventories	92,734	52,787
Unrealised foreign exchange losses	48,938	(40,460)
Blackhole expenditure	-	(3,170)
Property, plant and equipment	(318,098)	(93,243)
Deferred tax assets	192,534	77,341
Movements:		
Opening balance	77,341	173,226
Credited/(charged) to profit or loss	115,193	(95,885)
Closing balance	192,534	77,341

	Consolidated 2021 $	Consolidated 2020 $
Current tax assets		
Current tax assets	1,066,189	726,598

	Consolidated 2021 $	Consolidated 2020 $
Current tax liabilities		
Current tax liabilities	934,751	1,143,210

Note 9. Cash and cash equivalents

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Cash at bank	6,241,106	6,873,680

Note 10. Trade and other receivables

	Consolidated	
	2021	**2020**
	$	**$**
Current assets		
Trade receivables	514,635	530,576
Other receivables	216,338	401,311
Research and development tax incentives	862,922	605,834
Prepayments	134,637	138,507
	997,559	744,341
	1,728,532	1,676,228

Included in trade receivables of $514,635 (2020: $530,576) are debts which have been assigned to financing companies in Australia. The Company had received advances of $nil (2020: $165) against these debts which are included within the debtor financing facility disclosed in note 15.

Allowance for expected credit losses
The consolidated entity has recognised a loss of $nil (2020: $nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Carrying amount		Allowance for expected credit losses	
	2021	**2020**	**2021**	**2020**
Consolidated	**$**	**$**	**$**	**$**
Not overdue	425,008	396,973	-	-
0 to 3 months overdue	71,113	4,899	-	-
Over 3 months overdue	18,514	128,704	-	-
	514,635	530,576	-	-

Payment terms on receivables past due but not considered impaired have not been re-negotiated. The consolidated entity has been in direct contact with the relevant customers and are reasonably satisfied that payment will be received in full. The consolidated entity estimate of impairment losses is based on the expected credit loss.

Note 11. Inventories

	Consolidated	
	2021	**2020**
	$	**$**
Current assets		
Raw materials	1,700,837	1,925,260
Work in progress	205,253	591,041
Finished goods	-	38,779
	1,906,090	2,555,080

Inventories are recognised net of a provision for obsolescence of $534,786 (2020: $620,619) as at 30 June 2021.

Note 12. Property, plant and equipment

	Consolidated	
	2021 $	2020 $
Non-current assets		
Land - at cost	2,146,230	2,280,963
Buildings - at cost	1,369,567	1,523,344
Less: Accumulated depreciation	(331,913)	(148,009)
	1,037,654	1,375,335
Leasehold improvements - at cost	216,441	216,441
Less: Accumulated depreciation	(69,398)	(32,649)
	147,043	183,792
Plant and equipment - at cost	2,550,025	2,075,254
Less: Accumulated depreciation	(580,330)	(305,545)
	1,969,695	1,769,709
Motor vehicles - at cost	50,201	58,287
Less: Accumulated depreciation	(25,418)	(16,320)
	24,783	41,967
	5,325,405	5,651,766

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land $	Building $	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2019	1,549,587	300,524	108	1,762,765	58,256	3,671,240
Additions	777,310	332,747	216,333	192,934	-	1,519,324
Disposals	-	-	-	(6,960)	-	(6,960)
Right-of-use	-	929,552	-	-	-	929,552
Adjustments	-	(26,987)	-	-	-	(26,987)
Exchange differences	(45,934)	(12,492)	-	126,515	31	68,120
Depreciation expense	-	(148,009)	(32,649)	(305,545)	(16,320)	(502,523)
Balance at 30 June 2020	2,280,963	1,375,335	183,792	1,769,709	41,967	5,651,766
Additions	-	-	-	466,451	-	466,451
Disposals	-	-	-	(106)	-	(106)
Rights-of-use	-	19,149	-	-	-	19,149
Exchange differences	(134,733)	(202,967)	-	70,091	(2,173)	(269,782)
Adjustments	-	12,766	-	-	-	12,766
Depreciation expense	-	(166,629)	(36,749)	(336,450)	(15,011)	(554,839)
Balance at 30 June 2021	2,146,230	1,037,654	147,043	1,969,695	24,783	5,325,405

Note 13. Right-of-use assets

The consolidated entity leases land and buildings for its offices and staff accommodations and plant and equipment under agreements of between 3 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 13. Right-of-use assets (continued)

The right-of-use assets are included in the property, plant and equipment balance disclosed in note 12.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings $	Plant and equipment $	Total $
Balance at 1 July 2019	-	550,155	550,155
Adoption of AASB 16	929,552	-	929,552
Exchange differences	(28,995)	(4,598)	(33,593)
Depreciation expense	(139,713)	(143,480)	(283,193)
Balance at 30 June 2020	760,844	402,077	1,162,921
Additions	19,149	-	19,149
Exchange differences	(13,711)	(17,664)	(31,375)
Depreciation expense	(133,965)	(185,994)	(319,959)
Balance at 30 June 2021	632,317	198,419	830,736

For other lease disclosures refer to:
- note 7 for interest on lease liabilities
- note 17 for lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

Note 14. Intangibles

	Consolidated 2021 $	**2020 $**
Non-current assets		
Development - at cost	106,048	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Development cost $
Balance at 1 July 2019	-
Balance at 30 June 2020	-
Additions	106,048
Balance at 30 June 2021	106,048

Note 15. Trade and other payables

	Consolidated	
	2021	2020
	$	$
Current liabilities		
Trade payables	2,134,083	1,393,459
Sundry creditors and accrued expenses	515,895	857,560
Debtor finance facility	-	165
	2,649,978	2,251,184

Refer to note 22 for further information on financial instruments.

Note 16. Borrowings

	Consolidated	
	2021	2020
	$	$
Current liabilities		
Bank loans	154,710	133,816
Non-current liabilities		
Bank loans	2,439,390	2,567,043
	2,594,100	2,700,859

Refer to note 22 for further information on financial instruments.

The bank loans consists of the following:

(i) A loan of MYR 5,460,000 (AUD 1,629,851). The term of the loan is 20 years and loan interest is calculated using the Base Lending Rate (Variable Rate) less a discount of 2.20% at bank's discretion from time to time. The monthly repayment includes the payment of loan principal and interest. The first monthly instalment commenced on 1 May 2017, subsequent instalments are to be paid on or before the 1st of each calendar month and total repayments are 240 instalments in 240 months. The carrying amount of the loan was MYR 4,899,598 (AUD 1,569,479) as at 30 June 2021.

(ii) A loan of MYR 2,730,000 (AUD929,393). The term of the loan is 20 years and loan interest is calculated using the Base Lending Rate (Variable Rate) less a discount of 2.20% at bank's discretion from time to time. The monthly repayment includes the payment of loan principal and interest. The first monthly instalment commenced on 1 December 2019, subsequent instalments are to be paid on or before the 1st of each calendar month and total repayments are 240 instalments in 240 months. The carrying amount of the loan was MYR 2,671,654 (AUD 855,806) as at 30 June 2021.

(iii) A loan of MYR 498,800 (AUD 159,780).The term of the loan is 10 years and loan interest is calculated using the Base Lending Rate (Variable Rate) less a discount of 2% at bank's discretion from time to time. The monthly repayment includes the payment of loan principal and interest. The first monthly instalment commenced on 1 October 2020, subsequent instalments are to be paid on or before the 1st of each calendar month and total repayments are 120 instalments in 120 months. The carrying amount of the loan was MYR 472,008 (AUD151,197) as at 30 June 2021.

(iv) Prior year's trade facilities of MYR 138,000 (AUD 46,980) and MYR 50,000 (AUD 17,022) were fully paid on 8 Sep 2020 and 11 Sep 2020 respectively. Current year trade facility balance was MYR 55,000 (AUD17,618) as at 30 June 2021.

Note 16. Borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2021 $	2020 $
Total facilities		
Bank overdraft	-	2,600,000
Used at the reporting date		
Bank overdraft	-	-
Unused at the reporting date		
Bank overdraft	-	2,600,000

The bank overdraft facility matured on 1 June 2021.

Note 17. Lease liabilities

	Consolidated 2021 $	2020 $
Current liabilities		
Lease liability	295,410	328,075
Non-current liabilities		
Lease liability	588,464	862,767
	883,874	1,190,842

Future minimum lease payments at 30 June were as follows:

	Less than 1 year $	1 – 5 years $	> 5 years $	Total $
2021				
Lease Payments	339,532	634,238	23,673	997,443
Finance Charges	(44,122)	(69,274)	(173)	(113,569)
	295,410	564,964	23,500	883,874
2020				
Lease Payments	395,311	809,404	165,713	1,370,428
Finance Charges	(67,236)	(106,416)	(5,934)	(179,586)
	328,075	702,988	159,779	1,190,842

Note 18. Employee benefits

	Consolidated	
	2021	**2020**
	$	**$**
Current liabilities		
Annual leave	494,718	405,562
Long service leave	252,829	203,211
	747,547	608,773
Non-current liabilities		
Long service leave	59,341	69,987
	806,888	678,760

Note 19. Issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	1,375,700,602	1,368,660,602	39,992,575	39,851,775

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2019	1,366,900,602		39,816,575
Shares issued on the exercise of options		1,760,000	$0.020	35,200
Balance	30 June 2020	1,368,660,602		39,851,775
Shares issued on the exercise of options	12 October 2020	7,040,000	$0.020	140,800
Balance	30 June 2021	1,375,700,602		39,992,575

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged during the current reporting period.

Note 20. Reserves

	Consolidated 2021 $	Consolidated 2020 $
Foreign currency reserve	(163,175)	41,828
Share-based payments reserve	630,000	630,000
	466,825	671,828

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of options granted under Employee Share Option Plan ('ESOP').

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $	Share-based payments reserve $	Total $
Balance at 1 July 2019	177,734	-	177,734
Foreign currency translation	(135,906)	-	(135,906)
Share-based payments	-	630,000	630,000
Balance at 30 June 2020	41,828	630,000	671,828
Foreign currency translation	(205,003)	-	(205,003)
Balance at 30 June 2021	(163,175)	630,000	466,825

Note 21. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2021 $	Consolidated 2020 $
Final dividend paid during 30 June 2021 of 0.1 cents (for the year ended 30 June 2020: nil cents) per ordinary share	1,375,701	-

The dividends paid on 8 December 2020 totalling to $1,375,701 refers to the 30 June 2020 financial year. There are no dividends declared in relation to the 30 June 2021 financial year as a result of the reduced revenue and profit due to the global economic impact of COVID-19.

Note 21. Dividends (continued)

Franking credits

	Consolidated	
	2021	2020
	$	$
Franking credits available for subsequent financial years based on a tax rate of 25% (2020: 27.5%)	939,520	789,296

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 22. Financial instruments

Financial risk management objectives
The Board has overall responsibility for the determination of the consolidated entity and the parent entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the consolidated entity and the parent entity's finance function. The Board receives monthly reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the consolidated entity's competitiveness and flexibility.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The only currency where receivables are not denominated in their functional currency is US dollars (USD). Cash balances in USD are kept at levels only sufficient to pay the amounts owing. Since the local sales in Malaysia are made by foreign operations in their individual functional currencies, there is no direct foreign currency risk exposure involved. The consolidated entity's exposure to foreign currency risk is primarily its exposure to trade receivables denominated in USD.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2021	2020	2021	2020
Consolidated	$	$	$	$
US dollars	328,330	189,530	177,173	44,263

	AUD strengthened		AUD weakened	
Consolidated - 2021	% change	Effect on profit before tax	% change	Effect on profit before tax
Assets	10%	39,702	(10%)	(48,525)
Liabilities	10%	21,424	(10%)	(26,185)
		61,126		(74,710)

Note 22. Financial instruments (continued)

	AUD strengthened		AUD weakened	
Consolidated - 2020	**% change**	**Effect on profit before tax**	**% change**	**Effect on profit before tax**
Assets	10%	25,106	(10%)	(30,685)
Liabilities	10%	5,863	(10%)	(7,166)
		30,969		(37,851)

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's exposure to interest rate risk is limited to cash balances and the debtor financing facility, as these are at a floating rate.

The consolidated entity invests surplus cash in bank term deposits and in doing so is exposed to fluctuations in interest rates that are inherent in such a market. Cash balances that are held at call for day to day activities are non-interest bearing. Interest rates on loan and lease liabilities are fixed. Thus, consolidated entity is not exposed to any significant interest rate risk.

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

Credit risk
Credit risk arises principally from the consolidated entity's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

Prior to accepting new customers, a credit check is obtained from a reputable external source. Based on this information, credit limits and payment terms are established. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayments basis until creditworthiness can be re-established.

The nature of the consolidated entity's operations means that approximately 92% (2020: 90%) of its sales are made to 5 (2020: 5) key customers in Australia, Singapore and America. Whilst credit risk is mainly influenced by factors specific to these individual customers, the concentration of sales geographically is a contributory factor.

The maximum exposure to credit risk for trade receivables at the end of reporting period by geographic region is as follows:

	Consolidated	
	2021 $	**2020 $**
Australia	414,172	247,774
Asia	69,856	118,388
Europe	1,600	75,594
USA	29,007	81,414
Others	-	7,406
	514,635	530,576

Note 22. Financial instruments (continued)

Past due analysis of trade receivables by geographic region is as follows:

	Australia $	Asia $	Europe $	USA $	Others $	Total $
2021						
Not past due	356,374	67,467	86	1,081	-	425,008
Past due 30 days	44,511	-	-	26,602	-	71,113
Past due 60 days	13,287	2,389	1,514	1,324	-	18,514
Total	414,172	69,856	1,600	29,007	-	514,635
2020						
Not past due	241,124	115,996	-	39,481	372	396,973
Past due 30 days	4,763	3	131	2	-	4,899
Past due 60 days	1,887	2,389	75,463	41,931	7,034	128,704
Total	247,774	118,388	75,594	81,414	7,406	530,576

Liquidity risk
Liquidity risk arises from the consolidated entity's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the consolidated entity will encounter difficulty in meeting its financial obligations as they fall due. The consolidated entity aim to have sufficient cash to allow it to meet its liabilities when they become due.

The Board receives cash flow projections monthly as well as information regarding cash balances.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2021 $	Consolidated 2020 $
Bank overdraft	-	2,600,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2021	6 months or less $	Between 6 and 12 months $	Between 1 and 3 years $	Over 3 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	2,134,083	-	-	-	2,134,083
Other payables	515,895	-	-	-	515,895
Interest-bearing - variable					
Debtor financing facility	-	-	-	-	-
Bank loans	126,901	109,283	437,132	2,606,858	3,280,174
Total non-derivatives	2,776,879	109,283	437,132	2,606,858	5,930,152

Note 22. Financial instruments (continued)

Consolidated - 2020	6 months or less $	Between 6 and 12 months $	Between 1 and 3 years $	Over 3 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	1,393,459	-	-	-	1,393,459
Other payables	857,560	-	-	-	857,560
Interest-bearing - variable					
Debtor financing facility	165	-	-	-	165
Bank loans	106,169	106,074	424,294	3,238,364	3,874,901
Total non-derivatives	2,357,353	106,074	424,294	3,238,364	6,126,085

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Company:

	Consolidated	
	2021 $	**2020 $**
Audit services - Grant Thornton		
Audit and review of the financial statements	79,883	73,992

Note 24. Contingent liabilities

The consolidated entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Note 25. Commitments

	Consolidated	
	2021 $	**2020 $**
Purchase commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Inventories	1,898,436	1,300,000
Property, plant and equipment	155,570	77,206
Research and development	158,835	-

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2021 $	Consolidated 2020 $
Short-term employee benefits	1,162,928	1,262,385
Post-employment benefits	109,196	74,469
Long-term benefits	9,163	11,771
	1,281,287	1,348,625

Note 27. Related party transactions

Parent entity
Rectifier Technologies Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable to other parties unless otherwise stated. There is no requirement for transactions and balances between the entities within the consolidated Group to be disclosed.

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Protran Technologies Pty Ltd	Australia	100%	100%
Rectifier Technologies Pacific Pty Ltd	Australia	100%	100%
Rectifier Technologies Singapore Pte Ltd	Singapore	100%	100%
ICERT Inc	USA	100%	100%
Rectifier Technologies (M) Sdn Bhd	Malaysia	100%	100%
ICERT (HK) Co. Ltd	Hong Kong	100%	100%

Note 29. Earnings per share

	Consolidated 2021 $	Consolidated 2020 $
Profit after income tax attributable to the owners of Rectifier Technologies Ltd	540,379	1,821,638

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,375,700,602	1,368,660,602
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	54,840,000	61,880,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,430,540,602	1,430,540,602

	Cents	Cents
Basic earnings per share	0.04	0.13
Diluted earnings per share	0.04	0.13

Note 30. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2021 $	Consolidated 2020 $
Profit after income tax expense for the year	540,379	1,821,638
Adjustments for:		
Depreciation and amortisation	554,839	502,523
Provision for stock obsolescence	(60,182)	52,139
Options expense	-	630,000
Unrealised currency (gain)/loss	179,255	231,028
Net loss/(gain) on sale/acquisition of assets	(19)	66,463
Capitalised interest	14,772	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,238,435	(1,869,942)
Decrease in inventories	551,026	3,484,845
Increase/(decrease) in net deferred tax assets	40,902	(104,993)
Increase/(decrease) in trade and other payables	(1,207,650)	762,027
Increase/(decrease) in provision for income tax	(390,722)	406,731
Increase in employee benefits	136,424	196,980
Net cash from operating activities	1,597,459	6,179,439

Note 31. Changes in liabilities arising from financing activities

Consolidated	Bank loans $	Lease liabilities $	Total $
Balance at 1 July 2019	2,081,762	550,154	2,631,916
Net cash from/(used in) financing activities	577,227	(374,601)	202,626
Adoption of AASB 16	-	929,552	929,552
Finance costs	102,115	85,737	187,852
Other changes	(60,245)	-	(60,245)
Balance at 30 June 2020	2,700,859	1,190,842	3,891,701
Net cash used in financing activities	(34,670)	(387,290)	(421,960)
Finance costs	86,269	62,825	149,094
Other changes	(158,358)	17,497	(140,861)
Balance at 30 June 2021	2,594,100	883,874	3,477,974

Note 32. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

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 options 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 immediately 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.

Set out below are summaries of options granted under the plan:

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/07/2019	13/09/2022	$0.070	42,000,000	-	-	-	42,000,000
			42,000,000	-	-	-	42,000,000

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/07/2019	13/09/2022	$0.070	-	42,000,000	-	-	42,000,000
			-	42,000,000	-	-	42,000,000

The weighted average share price during the financial year was $0.015 (2020: $0.015).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.57 years (2020: 1.57 years).

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $	2020 $
Profit after income tax	573,048	57,366
Total comprehensive income	573,048	57,366

Statement of financial position

	Parent	
	2021 $	2020 $
Total current assets	1,993,700	3,401,345
Total assets	2,090,405	3,466,259
Total current liabilities	318,016	461,467
Total liabilities	327,908	1,041,909
Equity		
Issued capital	39,992,575	39,851,775
Foreign currency reserve	50,647	50,647
Share-based payments reserve	630,000	630,000
Accumulated losses	(38,910,725)	(38,108,072)
Total equity	1,762,497	2,424,350

a. Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

b. Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

c. Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

d. Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 34. Events after the reporting period

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the consolidated entity, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the consolidated entity's operations going forward. The consolidated entity now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr. Yanbin Wang
Director

30 September 2021
Melbourne

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Independent Auditor's Report

To the Members of Rectifier Technologies Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Rectifier Technologies Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recognition of R&D tax incentive (Note 6 and Note 10)	
The Group receives a 43.5% refundable tax offset of eligible expenditure under the research and development ("R&D") scheme if its turnover is less than $20 million per annum, provided it is not controlled by income tax exempt entities. A registration of R&D activities is filed with AusIndustry in the following financial year, and based on this filing; the group receives the incentive in cash. The Group engaged an R&D expert to perform a detailed review of the Group's total R&D expenditure to determine the potential claim under the R&D tax incentive legislation. As at 30 June 2021, a receivable totalling to $862,922 has been recorded. This represents the estimated claim for the period 1 July 2020 to 30 June 2021. This is a key audit matter due to the size of the receivable and the degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.	Our procedures included, amongst others: • Obtaining and documenting through discussions with management, an understanding of the process to estimate the claim; • Evaluating the competence, capabilities and objectivity of management's expert; • Reviewing and testing the R&D estimate by: - reviewing the methodology used by management's expert for consistency with the R&D tax offset rules; - performing testing on a sample of R&D expenses to supporting documents to assess the accuracy of the amounts recorded in the general ledger; • Comparing the nature of the R&D expenditure included in the current year to the prior year claim; • Comparing the eligible expenditure used in the receivable calculation to expenditure recorded in the general ledger; • Considering the entity's history of successful claims; • Inspecting copies of relevant correspondence with AusIndustry and the Australian Taxation Office related to the claims; and • Assessing the adequacy of the relevant disclosures in the financial statements.

Grant Thornton

Inventory valuation (Note 11)

As at 30 June 2021, the Group holds inventory with a carrying amount totalling $1,906,090 and is required to carry its inventory at the lower of cost or net realisable value, in accordance with AASB 102 *Inventories*. The determination of the valuation of inventory requires significant judgement. The following factors add complexity that could increase the likelihood of errors in the determination of the lower of cost or net realisable value: 1) large inventory holdings of electronic components and slow inventory turnover on certain lines indicate that there may be obsolete stock on hand; and 2) the methodology of estimating inventory provisions involves significant management judgement, including predictions about market conditions and future sales of certain lines. This is a key audit matter due to the materiality of the inventory balance and the level of management judgement required in determining the value of inventory.	Our procedures included, amongst others: • Understanding and documenting management's process of calculating the inventory provision and evaluating the Group's compliance with the requirements of AASB 102; • Performing testing on a sample of inventory items to assess the cost basis and net realisable value of inventories and: - for inventory sold in the last 12 months or post year end, tracing to sales invoice and agreeing that the selling price exceeded the item's cost; - for items not sold in the last 12 months, considering whether the value of these items were adjusted for in the inventory obsolescence provision; • Analysing any inventory items with no movement in the last 12 months and considering whether they should be included in the inventory obsolescence provision and assessing their saleability in the future; • Considering whether any other factors might indicate the inventory items would require a provision to write down to net realisable value, such as any discontinued lines; and • Assessing the adequacy of the related disclosures in the financial statements.

Revenue recognition (Note 5)

Revenue recorded from sale of products and services to customers amounted to $11,841,712 for the year ended 30 June 2021. The Group enters into transactions that involve a range of products and services. The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies the performance obligations. The allocation of the transaction price and the determination of the timing of revenue recognition requires management judgement. This is a key audit matter given the management judgement applied in determining the appropriate recognition of revenue and material nature of revenue to Group's overall performance.	Our procedures included, amongst others: • Reviewing revenue recognition policies for appropriateness in accordance with AASB 15 *Revenue from Contracts with Customers*; • Documenting the design and testing the operating effectiveness of the internal controls in respect to revenue from the sales of goods; • Performing detailed testing of a sample of revenue transactions during the year and assessing whether revenue has been recognised in accordance with AASB 15, which included: - Reviewing the relevant contracts with customers; - Assessing management's determination of performance obligations within contracts and the allocation of the transaction price to those obligations; • Evaluating sales transactions around reporting date to assess whether revenue is recognised in the correct period; • Performing analytical procedures to assess revenue recognised against known business factors, and investigating variances to our expectations; and • Assessing the adequacy of related disclosures in the financial statements.

Grant Thornton

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report 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 report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 7 to 12 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Rectifier Technologies Ltd, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Simon Trivett

S C Trivett
Partner – Audit & Assurance

Melbourne, 30 September 2021

The shareholder information set out below was applicable as at 7 September 2021.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	30	-	-	-
1,001 to 5,000	21	-	-	-
5,001 to 10,000	40	0.03	-	-
10,001 to 100,000	1,545	4.46	-	-
100,001 and over	600	95.51	-	-
	2,236	100.00	-	-
Holding less than a marketable parcel	408	-	-	-

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
PUDU INVESTMENT (AUSTRALIA) PTY LTD	224,643,616	16.33
YUNG SHING	150,000,000	10.90
Mr MALCOLM ALISTAIR DUNCAN	99,097,726	7.20
MR SONGWU LU	79,443,260	5.77
YANBIN WANG	70,000,000	5.09

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
PUDU INVESTMENT (AUSTRALIA) PTY LTD	224,643,616	16.33
YUNG SHING	150,000,000	10.90
Mr MALCOLM ALISTAIR DUNCAN	99,097,726	7.20
MR SONGWU LU	79,443,260	5.77
YANBIN WANG	70,000,000	5.09
MR LEI LI	68,460,000	4.98
MS ZHU FURONG	50,750,000	3.69
MR WEIGUO XIE	43,214,823	3.14
MR MAKRAM HANNA + MRS RITA HANNA	38,857,542	2.82
MR VALENTINO FRANCESCO VESCOVI + MRS GLENDA JILL VESCOVI	30,600,000	2.22
BOND STREET CUSTODIANS LIMITED	25,999,605	1.89
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	23,003,102	1.67
MR NICHOLAS SENG TET YEOH	20,500,000	1.49
MR NIGEL MACHIN	20,000,000	1.45
AUSTRALIAN EXPORTS & INDUSTRIALISATION SUPER PTY LTD	14,000,000	1.02
TOPAZ INVESTMENTS PTE LTD	13,837,650	1.01
GENISTA COURT PTY LTD	11,848,272	0.86
MR MAKRAM HANNA	11,134,134	0.81
MR RAYMOND ROCKMAN + MR ANTHONY ROCKMAN	9,677,106	0.70
KANGSAV PTY LTD	9,483,081	0.69
	1,014,549,917	73.73

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	54,840,000	34

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

On market buy-back

There is no current on market buy back