



**RECTIFIER TECHNOLOGIES LTD**

ABN: 82 058 010 692

**ANNUAL REPORT**  
**2023**

**Rectifier Technologies Ltd**  
**Contents**  
**30 June 2023**



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Directors	Mr. Ying Ming Wang Mr. Yanbin Wang Mr. Valentino Vescovi Mr. Nigel Machin Mr. Nicholas Yeoh
Company secretary	Ms Nova Taylor
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  Westpac Banking Corporation 39-41Hamilton Place, MOUNT WAVERLEY, VIC 3149
Stock exchange listing	Rectifier Technologies Ltd shares are listed on the Australian Securities Exchange (ASX code: RFT)
Website	<a href="https://www.rectifiertechnologies.com/">https://www.rectifiertechnologies.com/</a>
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 has experienced remarkable growth from 2022 to 2023, not only in terms of sales but also in profitability. The surge in revenue, coupled with efficient cost management, has resulted in a significantly improved net profit margin. The Company's post-tax profit has reached to \$6,457,153, marking a substantial increase from the \$491,955 recorded as of 30 June 2022.

Notably, total revenues have witnessed an extraordinary increase, soaring by approximately 144.2% to reach \$39,808,597. This starkly contrasts with the total of \$16,303,329 reported in the preceding period.

Additionally, the Company has reported a significantly higher profit before tax of \$8,698,539 compared to the \$1,231,874 reported in the previous reporting period. The following table below shows the results for the 12 months to June 2023 compared with those of the previous corresponding period.

	(\$'000')	
	2023	2022
<b>Revenue from continuing operations (refer to note 5&amp;6)</b>	39,809	16,303
<b>Gross Profit</b>	19,030	7,409
<b>Gross Margin %</b>	48%	50%
<b>Profit from continuing operations before tax</b>	8,698	1,232
<b>Income Tax Expense</b>	(2,241)	(740)
<b>Profit from continuing operations after tax</b>	6,457	492
<b>Net Profit</b>	6,457	492

## Funding

### **Rectifier Technologies Malaysia:**

On 6 February 2017, obtained a MYR 5,460,000 (AUD 1,629,851) loan from Public Bank Berhad for a new manufacturing facility. As of 30 June 2023, the carrying amount was MYR 4,408,557 (AUD 1,421,107).

On 7 October 2019, obtained a MYR 2,730,000 (AUD 929,393) loan from the same bank for another manufacturing facility. As of 30 June 2023, the carrying amount was MYR 2,439,670 (AUD 786,432).

On 2 October 2020, obtained a MYR 498,800 (AUD 159,780) loan from the same bank for rooftop solar PV net energy metering. As of 30 June 2023, the carrying amount was MYR 385,631 (AUD 124,309).

### **Rectifier Technologies Australia:**

On 30 March 2022, obtained a AUD 3,000,000 loan from ANZ for working capital. The loan was fully paid on 2 September 2022.

On 2 September 2022, obtained a AUD 5,000,000 loan from WBC for working capital with a term of five years and a variable interest rate of 7.38% p.a. As of 30 June 2023, the carrying amount was AUD 4,144,353.

On 21 July 2023, obtained a Bank Bill Business Loan of AUD 5,000,000 from WBC for working capital with a two-year term and a variable interest rate of 5.9363% p.a. The repayment arrangement includes both principal and interest, up to 20 July 2025.

## **Dividends Payments**

No dividend was declared for the 2023 Financial year.

## **Review of Operations**

The Company has demonstrated adept and effective management in the aftermath of the disruptions caused by the COVID-19 pandemic and global supply chain shortages. We are pleased to announce that our organization has achieved noteworthy growth from 2022 to 2023. This growth is characterized by a substantial increase in sales and a significant improvement in profitability. This remarkable surge in revenue, underpinned by rigorous cost management strategies, has substantially enhanced our net profit margin.

### ***Sales Order Fulfilment Update***

In FY2023, we have achieved a significant milestone by successfully fulfilling and delivering 75% of the orders received from Tritium Pty Ltd. This accomplishment translates to a total order value approaching 15 million USD. This aligns seamlessly with our announcement on 9 February 2022, where we disclosed an order value of approximately 20 million USD.

Furthermore, within the same financial period, we have realized a remarkable achievement by fulfilling 37% of the orders for the RT22 product from I-Charging Mobilidade Electrica SA ('I-Charging'), amounting to a total order value of approximately 8 million USD. This achievement is in direct correspondence with the details outlined in our ASX announcement from 16 November 2022, which pertained to the Purchase Order received from I-Charging, with a total order value of 22 million USD.

The Company is confident of its ability to fulfil and deliver the remaining orders to the Tritium and I-charging by the end of the 2023 calendar year as previously advised, subject to approval and ongoing requirements of the client. Our procurement team demonstrated exceptional efficiency in sourcing the requisite manufacturing materials, ensuring the seamless fulfilment of these orders. These outstanding achievements underscore our unwavering commitment to meeting our customer's needs and delivering on our promises, even amidst the challenges presented by the global supply chain.

### ***Digital Enterprise Transformation***

Our Digital Enterprise Transformation initiative continues to make significant strides. The successful consolidation of our Australia and Singapore subsidiaries onto a unified platform represents a significant milestone. The second phase of this initiative, which encompasses the implementation of our Malaysia factory, is proceeding as planned and is expected to achieve go-live status by the end of October 2023. This phase promises to substantially enhance operational efficiency and provide comprehensive business intelligence through a unified platform.

## **Outlook**

The Company's outlook involves several significant strategies:

**RT22 Opportunities:** The Company has identified new opportunities for the markets of the RT22 in conjunction with existing customers and new customers to sell the product into the USA Federal Government National EV Infrastructure (NEVI) \$7.5b program by redesigning the RT22 for automated manufacturing in high labour cost environments.

**Manufacturing Improvements:** A Chief Manufacturing Officer in Malaysia is leading efforts to streamline production, increase capacity, and maintain quality.

**EV Charging Station Starter Kit:** The Company is developing a starter kit by integrating the EV station control system with RT22, enabling swift EV charging station deployment.

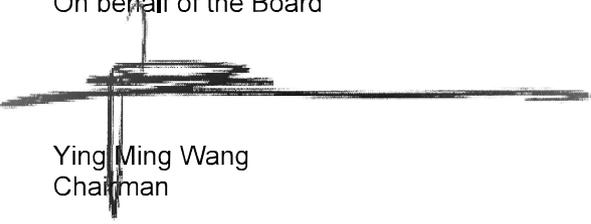
**High-Voltage Input Rectifier:** A custom high-voltage input rectifier project is advancing, with prototypes due by Q4 2023 and production starting in early 2024, indicating growing demand, particularly in defence products.

**Megawatt Charging System (MCS):** The Company is actively exploring emerging markets for MegaWatt Charging systems, encompassing transport, marine, and aeronautics, as well as x-MegaWatt Charging for mining and power systems for net-zero energy sources like hydrogen generation. The research and development team is initially developing a customized liquid-cooled rectifier module tailored for these markets. Upon finalizing a formal agreement with a customer, the project will commence with meticulous attention to detail and precision.

**Long-Term E-Mobility Outlook:** Despite near-term grid capacity challenges, the Company expects continued revenue growth in the E-Mobility sector due to consistent demand for charging modules.

In conclusion, the Company is strategically positioning itself for growth in the EV industry, focusing on innovation, automation, and customization to adapt to evolving market needs.

On behalf of the Board

A large, dark, handwritten signature that appears to be "Ying Ming Wang" is written over a horizontal line.

Ying Ming Wang  
Chairman

28 September 2023  
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 2023.

### **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  
Mr. Nicholas Yeoh (appointed on 8 December 2022)

### **Principal activities**

The principal activities of the consolidated entity during the financial year were designing and manufacturing high-efficiency power rectifiers and producing electronic and specialised magnetic components.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Review of operations**

The profit for the consolidated entity after providing for income tax amounted to \$6,457,153 (30 June 2022: \$491,955).

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**

No matter or circumstance has arisen since 30 June 2023 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, Singaporean and Malaysian 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 the China Digital Kingdom, an internet datacentre development business in China. Board Member since June 2006 Pudu Group
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 restructuring 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 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 the audit committee  
Interests in shares: 36,440,000 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, and 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 the audit committee  
Interests in shares: 22,010,000 Ordinary Shares  
Interests in options: 1,800,000 unlisted options

Name: Mr. Nicholas Yeoh  
Title: Director - Executive (appointed on 8 December 2022) and Director of Sales and Marketing  
Qualifications: Executive Master of Business Administration and Bachelor of Engineering (Hons)  
Experience and expertise: Nicholas joined Rectifier Technologies in 2008 as a software development engineer and later transitioned to a sales role within the group. He brings commercial leadership and technical input to the management team, fundamental in identifying new markets and promoting business growth for Rectifier Technologies.  
Other current directorships: None  
Former directorships (last 3 years): None  
Interests in shares: 20,500,000 Ordinary Shares  
Interests in options: None

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

**Company secretary**

Ms. Nova Taylor was appointed as Company Secretary on 3 February 2022. Ms Taylor has approximately 5 years' experience working with listed companies in Company Secretary and Assistant Company Secretary roles. She previously worked for Computershare Investor Services Pty Limited in various roles for over 10 years. Nova has completed a Bachelor of Laws at 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 2023, and the number of meetings attended by each director was:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Mr. Ying Ming Wang	6	6	-	-
Mr. Yanbin Wang	6	6	-	-
Mr. Valentino Vescovi	6	6	-	-
Mr. Nigel Machin	5	6	-	-
Mr. Nicholas Yeoh (appointed on 8 December 2022)	3	3	-	-

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 has 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 remuneration structure of non-executive director and executive director is separate.

#### *Non-executive directors' remuneration*

The Board's 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 to be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 13 November 2023, where the shareholders approved a maximum annual aggregate remuneration of \$100,000.

#### *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;
- long-term incentives; 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, is 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), which 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') includes 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 2023.

#### *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 2023, the consolidated entity, did not engage any remuneration consultants.

#### *Voting and comments made at the Company's 30 June 2022 Annual General Meeting ('AGM')*

At the 25 November 2022 AGM, 99.55% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. 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
- Mr. Nicholas Yeoh - Director – Executive (appointed on 8 December 2022) and Director of Sales & Marketing

And the following persons:

- Mr. David Xu - Chief Financial Officer – Rectifier Technologies Ltd (appointed on 7 December 2022)
- Mr. Paul Davis - General Manager – Rectifier Technologies Pacific Pty Ltd (appointed on 7 December 2022)
- Mr. Tan Uei Jou - Chief Manufacturing Officer – Rectifier Technologies (M) Sdn Bhd (appointed on 13 June 2023)
- Mr. Seong Bow Lee - General Manager – Rectifier Technologies (M) Sdn Bhd (resigned on 9 June 2023)

	Short-term benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees	Cash bonus*	Non-monetary***	Super-annuation	Long service leave	
<b>2023</b>	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Mr. Ying Ming Wang	16,500	-	-	-	-	16,500
Mr. Valentino Vescovi	11,000	-	-	-	-	11,000
<i>Executive Directors:</i>						
Mr. Yanbin Wang	373,519	55,231	20,692	57,159	-	506,601
Mr. Nigel Machin	217,952	26,307	-	35,247	4,813	284,319
Mr. Nicholas Yeoh**	369,329	47,777	2,706	-	-	419,812
<i>Other Key Management Personnel:</i>						
Mr. David Xu	233,217	23,283	-	26,933	14,839	298,272
Mr. Paul Davis	206,891	31,083	-	32,638	21,501	292,113
Mr. Tan Uei Jou	5,185	-	1,245	652	-	7,082
Mr. Seong Bow Lee	109,714	17,099	1,245	15,586	-	143,644
	<u>1,543,307</u>	<u>200,780</u>	<u>25,888</u>	<u>168,215</u>	<u>41,153</u>	<u>1,979,343</u>

\* The cash bonuses were approved upon payment on 23 February 2023. The cash bonus is payable at the discretion of the board, equal to an amount of 5-10% of the total salary, subject to achievement of target profit.

\*\* Mr. Nicholas Yeoh was appointed as Executive Director on 8 December 2022. Prior to that, he was already considered KMP in his role as Director of Sales & Marketing – Rectifier Technologies Singapore Pte Ltd.

\*\*\* The non-monetary benefits include accommodation, health insurances and allowances.

	Short-term benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees	Cash bonus*	Non-monetary	Super-annuation	Long service leave	
<b>2022</b>	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Mr. Ying Ming Wang	16,500	-	-	-	-	16,500
Mr. Valentino Vescovi	11,000	-	-	-	-	11,000
<i>Executive Directors:</i>						
Mr. Yanbin Wang	320,500	20,950	20,233	45,648	-	407,331
Mr. Nigel Machin	205,449	8,352	-	30,980	6,374	251,155
<i>Other Key Management Personnel:</i>						
Mr. Paul Davis	179,920	7,322	-	26,374	5,577	219,193
Mr. Seong Bow Lee	96,390	8,093	1,246	12,827	-	118,556
Mr. Nicholas Yeoh	312,281	25,663	2,096	-	-	340,040
	<u>1,142,040</u>	<u>70,380</u>	<u>23,575</u>	<u>115,829</u>	<u>11,951</u>	<u>1,363,775</u>

\* The cash bonus were approved upon payment on 25 February 2022. The cash bonus is payable at the discretion of the board, equal to an amount of 5-10% of the total salary, subject to achievement of target profit.

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

Name	Fixed remuneration		Performance-based remuneration - STI		Performance-based remuneration - LTI	
	2023	2022	2023	2022	2023	2022
<i>Non-Executive Directors:</i>						
Mr. Ying Ming Wang	100.00%	100.00%	-	-	-	-
Mr. Valentino Vescovi	100.00%	100.00%	-	-	-	-
<i>Executive Directors:</i>						
Mr. Yanbin Wang	89.10%	94.86%	10.90%	5.14%	-	-
Mr. Nigel Machin	90.75%	96.67%	9.25%	3.33%	-	-
Mr. Nicholas Yeoh	88.62%	92.45%	11.38%	7.55%	-	-
<i>Other Key Management Personnel:</i>						
Mr. David Xu	92.19%	-	7.81%	-	-	-
Mr. Paul Davis	89.36%	96.66%	10.64%	3.34%	-	-
Mr. Tan Uei Jou	100.00%	-	-	-	-	-
Mr. Seong Bow Lee	88.10%	93.17%	11.90%	6.83%	-	-

#### **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 2023.

##### *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 2023.

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 2023.

#### **Additional information**

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Revenue (Including discontinued operation)	39,808,597	16,303,329	13,266,295	16,734,759	18,874,493
Net Profit/(Loss)	6,457,153	491,955	540,379	1,821,638	2,127,038

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

	2023	2022	2021	2020	2019
Share price at financial year end (cents per share)	5.40	4.00	2.80	3.80	4.60
Changes Share price at financial year end (cents per share)	1.40	1.20	(1.00)	(0.80)	2.00
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
<i>Ordinary shares</i>					
Mr. Ying Ming Wang*	224,643,616	-	-	-	224,643,616
Mr. Yanbin Wang	70,000,000	-	-	-	70,000,000
Mr. Valentino Vescovi	37,040,000	-	-	(600,000)	36,440,000
Mr. Nigel Machin	22,010,000	-	-	-	22,010,000
Mr. Nicholas Yeoh	20,500,000	-	-	-	20,500,000
Mr. David Xu	4,000,000	-	-	-	4,000,000
Mr. Paul Davis	5,000,000	-	-	-	5,000,000
Mr. Tan Uei Jou	-	-	-	-	-
Mr. Seong Bow Lee (resigned on 9 June 2023)**	2,767,550	-	-	(2,767,550)	-
	<u>385,961,166</u>	<u>-</u>	<u>-</u>	<u>(3,367,550)</u>	<u>382,593,616</u>

\* Mr. Ying Ming Wang indirectly hold ordinary shares through Pudu Investment (Australia) Pty Ltd.

\*\* Mr. Seong Bow Lee disposals/other represents a member no longer being designated as a key management personnel and does not represent a disposal of holding.

**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
<i>Options over ordinary shares</i>					
Mr. Ying Ming Wang	-	-	-	-	-
Mr. Yanbin Wang	-	-	-	-	-
Mr. Valentino Vescovi	-	-	-	-	-
Mr. Nigel Machin	1,800,000	-	-	-	1,800,000
Mr. Nicholas Yeoh	3,000,000	-	-	(3,000,000)	-
Mr. David Xu	2,000,000	-	-	(2,000,000)	-
Mr. Paul Davis	3,000,000	-	-	(3,000,000)	-
Mr. Tan Uei Jou	-	-	-	-	-
Mr. Seong Bow Lee (resigned on 9 June 2023)	3,000,000	-	-	(3,000,000)	-
	<u>12,800,000</u>	<u>-</u>	<u>-</u>	<u>(11,000,000)</u>	<u>1,800,000</u>

**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	480,000
November 2003	No expiry date	\$0.020	<u>8,360,000</u>
			<u><u>8,840,000</u></u>

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 2023 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	4,000,000

**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 \$41,450 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 Audit Pty Ltd**

There are no officers of the Company who are former partners of Grant Thornton Audit Pty Ltd.

**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

28 September 2023  
Melbourne

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**Grant Thornton Audit Pty Ltd**

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Collins Square  
727 Collins Street  
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Melbourne VIC 3001  
T +61 3 8320 2222

## Auditor's Independence Declaration

### To the Directors of Rectifier Technologies Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Rectifier Technologies Limited for the year ended 30 June 2023, 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 Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 28 September 2023

**[www.grantthornton.com.au](http://www.grantthornton.com.au)**  
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**Rectifier Technologies Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**



	Note	Consolidated 2023 \$	2022 \$
<b>Revenue</b>	5	39,428,363	14,761,523
Other income	6	279,677	1,535,954
Interest revenue		100,557	5,852
<b>Expenses</b>			
Changes in inventories of finished goods and work in progress		8,412,399	2,097,687
Raw materials and consumables used		(24,036,255)	(7,656,716)
Professional and compliance expense		(1,000,624)	(776,884)
Employee benefits expense		(8,784,246)	(6,310,321)
Subcontractor expense		(1,676,953)	(429,160)
Depreciation expense	7	(747,061)	(607,239)
Other expenses	7	(3,061,341)	(1,235,697)
Finance costs	7	(215,977)	(153,125)
<b>Profit before income tax expense</b>		8,698,539	1,231,874
Income tax expense	8	(2,241,386)	(739,919)
<b>Profit after income tax expense for the year attributable to the owners of Rectifier Technologies Ltd</b>		6,457,153	491,955
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		111,670	166,439
Other comprehensive income for the year, net of tax		111,670	166,439
<b>Total comprehensive income for the year attributable to the owners of Rectifier Technologies Ltd</b>		6,568,823	658,394
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	31	0.47	0.04
Diluted earnings per share	31	0.47	0.03

*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 2023**



	Note	Consolidated 2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	6,348,867	7,295,534
Trade and other receivables	10	2,970,669	2,910,217
Inventories	11	18,448,667	5,877,879
Current tax assets	8	630,655	734,150
<b>Total current assets</b>		<u>28,398,858</u>	<u>16,817,780</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	5,292,905	4,605,248
Right-of-use assets	13	592,662	886,673
Intangibles	14	104,772	94,859
Deferred tax assets	8	799,699	524,993
<b>Total non-current assets</b>		<u>6,790,038</u>	<u>6,111,773</u>
<b>Total assets</b>		<u>35,188,896</u>	<u>22,929,553</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	7,277,466	5,549,921
Contract liabilities	16	452,941	-
Borrowings	17	952,229	1,122,142
Lease liabilities	18	228,492	212,781
Current tax liabilities	8	2,296,033	795,256
Employee benefits	19	1,101,778	933,573
Provisions	20	214,737	-
<b>Total current liabilities</b>		<u>12,523,676</u>	<u>8,613,673</u>
<b>Non-current liabilities</b>			
Contract liabilities	16	442,353	-
Borrowings	17	5,523,972	4,151,846
Lease liabilities	18	423,835	457,534
Deferred tax liabilities	8	220,664	295,404
Employee benefits	19	50,866	56,389
<b>Total non-current liabilities</b>		<u>6,661,690</u>	<u>4,961,173</u>
<b>Total liabilities</b>		<u>19,185,366</u>	<u>13,574,846</u>
<b>Net assets</b>		<u>16,003,530</u>	<u>9,354,707</u>
<b>Equity</b>			
Issued capital	21	40,072,575	39,992,575
Reserves	22	114,934	513,264
Accumulated losses		<u>(24,183,979)</u>	<u>(31,151,132)</u>
<b>Total equity</b>		<u>16,003,530</u>	<u>9,354,707</u>

*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 2023**



<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2021	39,992,575	466,825	(31,763,087)	8,696,313
Profit after income tax expense for the year	-	-	491,955	491,955
Other comprehensive income for the year, net of tax	-	166,439	-	166,439
Total comprehensive income for the year	-	166,439	491,955	658,394
<i>Transactions with owners in their capacity as owners:</i>				
Lapsed options transferred to accumulated losses	-	(120,000)	120,000	-
Balance at 30 June 2022	<u>39,992,575</u>	<u>513,264</u>	<u>(31,151,132)</u>	<u>9,354,707</u>

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2022	39,992,575	513,264	(31,151,132)	9,354,707
Profit after income tax expense for the year	-	-	6,457,153	6,457,153
Other comprehensive income for the year, net of tax	-	111,670	-	111,670
Total comprehensive income for the year	-	111,670	6,457,153	6,568,823
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 21)	80,000	-	-	80,000
Lapsed options transferred to accumulated losses	-	(510,000)	510,000	-
Balance at 30 June 2023	<u>40,072,575</u>	<u>114,934</u>	<u>(24,183,979)</u>	<u>16,003,530</u>

*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 2023**



	<b>Note</b>	<b>Consolidated</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		42,350,085	16,257,817
Payments to suppliers and employees		(42,141,752)	(17,230,486)
Interest received		100,557	6,091
Finance costs		(215,977)	(147,406)
Income taxes refunded/(paid)		(993,529)	387,984
Net cash used in operating activities	32	<u>(900,616)</u>	<u>(726,000)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,053,428)	(629,211)
Payments for intangibles	14	(1,984)	-
Net cash used in investing activities		<u>(1,055,412)</u>	<u>(629,211)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	21	80,000	-
Proceeds from borrowings		9,230,085	3,000,000
Repayment of borrowings		(8,027,872)	(389,096)
Repayment of lease liabilities		(252,931)	(317,318)
Net cash from financing activities		<u>1,029,282</u>	<u>2,293,586</u>
Net increase/(decrease) in cash and cash equivalents		(926,746)	938,375
Cash and cash equivalents at the beginning of the financial year		7,295,534	6,241,106
Effects of exchange rate changes on cash and cash equivalents		(19,921)	116,053
Cash and cash equivalents at the end of the financial year	9	<u><u>6,348,867</u></u>	<u><u>7,295,534</u></u>

*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 28 September 2023. 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

### **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.

### **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.

#### *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 35.

### **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 2023 and the results of all subsidiaries for the year ended. Rectifier Technologies Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

## **Note 2. Significant accounting policies (continued)**

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.

#### *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.

## **Note 2. Significant accounting policies (continued)**

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 and after sales services*

Revenue from the sale of power rectifiers is recognised at the point in time when the consolidated entity satisfies performance obligations by transferring the promised products, which is generally at the time of delivery and the revenue from related after-sales services is recognised over time as customer receives and consumes the benefits of the after-sales service provided. Where contract includes both the sale of the power rectifiers and after-sales service, the transaction price is allocated to the separate performance obligations based on stand alone selling price.

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.

### *Sale of extended warranties*

Revenue from the sale of extended warranties is recognised over the coverage period, aligning with the timing of performance obligations.

### *Other income*

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

The refundable research and development tax credit for eligible entities with turnover of less than \$20 million ATO threshold per annum is recognised as other income pursuant to AASB 120 'Accounting for Government Grant and Disclosure of Government Assistance'. The non-refundable research and development tax offset for eligible entities with turnover of more than \$20 million ATO threshold per annum is recognised as an income tax benefit/offset from income tax expense pursuant to AASB 112 'Income Taxes'.

### *Interest*

Interest revenue is recognised as interest accrued 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.

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.

## **Note 2. Significant accounting policies (continued)**

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 include 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.

### **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.

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.

## **Note 2. Significant accounting policies (continued)**

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 stated at historical cost and is not depreciated but is subject to impairment testing if there is any indication of impairment.

Building and plant and equipment are 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:

Building	50 years
Leasehold improvement	10 years
Plant and equipment	2.5-5 years
Motor vehicle	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 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.

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.

## **Note 2. Significant accounting policies (continued)**

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.

### **Contract liabilities**

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

### **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; the 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.

### **Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### **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, the 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.

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.

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.

### **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.

## **Note 2. Significant accounting policies (continued)**

### *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 are 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 2023. 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.

### *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 of eligible research and development expenditure incurred in relation to the identified research and development activities associated with the R&D application as at the reporting date.

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

*Warranty provision*

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

**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 in 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-operating expenditures such as restructuring costs, impairments and share-based payments as well as interest revenue 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.

*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.

*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 2023, the revenue of \$16,992,761 was derived from one Australian customer which was allocated to the Industrial Power Supplies (EV) segment (2022: \$11,507,584 derived from two Australian customers which are allocated to the Industrial Power Supplies (EV) and Industrial Power Supplies (E&D) segments). Revenue of \$12,149,612 (2022: \$1,482,138) was derived from a single customer in Portugal allocated to Industrial Power Supplies (EV) segment (2022: single customer in Singapore under the Industrial Power Supplies (E&D) segment).

**Note 4. Operating segments (continued)**

*Operating segment information*

<b>Consolidated - 2023</b>	Electronic components \$	Industrial power supplies (E&D) \$	Industrial power supplies (T&T) \$	Industrial power supplies (EV) \$	Eliminations/ Corporate \$	Total \$
<b>Revenue</b>						
Sales to external customers	218,801	5,119,722	1,629,986	32,800,566	-	39,769,075
Intersegment sales	33,027	1,853,333	783,372	21,193,139	(23,862,871)	-
<b>Total revenue</b>	<u>251,828</u>	<u>6,973,055</u>	<u>2,413,358</u>	<u>53,993,705</u>	<u>(23,862,871)</u>	<u>39,769,075</u>
<b>EBITDA</b>	61,103	1,430,682	455,202	9,166,281	(1,451,690)	9,661,578
Depreciation and amortisation	(374,351)	(50,058)	(5,649)	(315,534)	(1,470)	(747,062)
Finance costs	(106,888)	(7,596)	(656)	(45,878)	(54,959)	(215,977)
<b>Profit/(loss) before income tax expense</b>	<u>(420,136)</u>	<u>1,373,028</u>	<u>448,897</u>	<u>8,804,869</u>	<u>(1,508,119)</u>	<u>8,698,539</u>
Income tax expense						(2,241,386)
<b>Profit after income tax expense</b>						<u>6,457,153</u>
<b>Assets</b>						
Segment assets	225,281	5,271,343	1,678,258	33,771,962	(5,757,948)	35,188,896
<b>Total assets</b>						<u>35,188,896</u>
<b>Liabilities</b>						
Segment liabilities	135,044	3,159,888	1,006,026	20,244,479	(5,360,070)	19,185,367
<b>Total liabilities</b>						<u>19,185,367</u>

Note 4. Operating segments (continued)

	Electronic components \$	Industrial power supplies (E&D) \$	Industrial power supplies (T&T) \$	Industrial power supplies (EV) \$	Eliminations/ Corporate \$	Total \$
<b>Consolidated - 2022</b>						
<b>Revenue</b>						
Sales to external customers	209,004	3,305,291	622,739	10,810,151	-	14,947,185
Intersegment sales	28,241	1,629,441	398,885	8,608,629	(10,665,196)	-
<b>Total revenue</b>	<u>237,245</u>	<u>4,934,732</u>	<u>1,021,624</u>	<u>19,418,780</u>	<u>(10,665,196)</u>	<u>14,947,185</u>
<b>EBITDA</b>						
Depreciation and amortisation	10,681	168,920	31,826	552,465	1,228,346	1,992,238
Finance costs	(305,349)	(54,555)	(8,285)	(239,050)	-	(607,239)
<b>Profit/(loss) before income tax expense</b>	<u>(172,100)</u>	<u>(5,963)</u>	<u>(765)</u>	<u>(30,397)</u>	<u>56,100</u>	<u>(153,125)</u>
Income tax expense	(466,768)	108,402	22,776	283,018	1,284,446	1,231,874
<b>Profit after income tax expense</b>						<u>(739,919)</u>
						<u>491,955</u>
<b>Assets</b>						
Segment assets	351,462	5,558,200	1,047,201	18,178,424	(2,205,734)	22,929,553
<b>Total assets</b>						<u>22,929,553</u>
<b>Liabilities</b>						
Segment liabilities	222,148	3,513,169	661,904	11,490,028	(2,312,403)	13,574,846
<b>Total liabilities</b>						<u>13,574,846</u>

Geographical information

	Sales to external customers		Geographical non-current assets	
	2023	2022	2023	2022
	\$	\$	\$	\$
Australia	19,738,655	12,218,517	844,325	986,901
Asia	2,219,527	1,643,041	5,036,298	4,505,020
North America	4,721,166	553,077	-	-
South America	64,278	17,353	-	-
Europe	12,684,737	303,920	-	-
Oceania	-	25,615	-	-
	<u>39,428,363</u>	<u>14,761,523</u>	<u>5,880,623</u>	<u>5,491,921</u>

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**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Sale of goods	39,385,193	14,626,210
After sales services	43,170	135,313
Revenue	<u>39,428,363</u>	<u>14,761,523</u>

*Disaggregation of revenue*

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

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Geographical regions</i>		
Australia	19,738,655	12,218,517
Asia	2,219,527	1,643,041
North America	4,721,166	553,077
South America	64,278	17,353
Europe	12,684,737	303,920
Oceania	-	25,615
	<u>39,428,363</u>	<u>14,761,523</u>

*Timing of revenue recognition*

Goods transferred at a point in time	39,385,193	14,626,210
Services transferred over time	43,170	135,313
	<u>39,428,363</u>	<u>14,761,523</u>

**Note 6. Other income**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Research and development tax rebate*	-	1,055,657
Government grants	222,726	38,851
Net foreign exchange gain	-	392,791
Other	56,951	48,655
Other income	<u>279,677</u>	<u>1,535,954</u>

\* During the 30 June 2023 financial year, the consolidated entity has exceeded the \$20 million ATO threshold to claim the refundable research and development tax credit, the non-refundable research and development tax credits is recognised as an income tax benefit/offset from income tax expense (note 8).

**Note 7. Expenses**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Building	8,948	8,801
Leasehold improvement	23,627	30,113
Plant and equipment	478,567	316,386
Motor vehicle	2,515	2,284
Building right-of-use assets	207,964	164,106
Plant and equipment right-of-use assets	16,959	72,855
Motor vehicle right-of-use assets	6,040	12,694
Total depreciation	<u>744,620</u>	<u>607,239</u>
<i>Amortisation</i>		
Software	2,441	-
Total depreciation and amortisation	<u>747,061</u>	<u>607,239</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	177,746	104,930
Interest and finance charges paid/payable on lease liabilities	38,231	48,195
Finance costs expensed	<u>215,977</u>	<u>153,125</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>798,005</u>	<u>609,388</u>
<i>Other expenses</i>		
Premise expense	567,537	346,926
Handling and forwarding expense	627,711	297,500
Research and development expense	382,318	375,873
Foreign exchange loss	745,490	-
Other	738,285	215,398
	<u>3,061,341</u>	<u>1,235,697</u>

**Note 8. Income tax**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense</i>		
Current tax	2,590,832	776,974
Deferred tax - origination and reversal of temporary differences	(349,446)	(37,055)
Aggregate income tax expense	<u>2,241,386</u>	<u>739,919</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	8,698,539	1,231,874
Tax at the statutory tax rate of 25%	2,174,635	307,969
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development expenditures	846,529	6,826
Controlled foreign company attributed income	-	595,198
Other non-allowable items	877,849	195,127
Tax losses	(36,956)	-
Foreign tax offset	-	55,022
Other non-assessable items	(143,671)	(420,223)
Research and development tax offset*	(1,283,761)	-
	<u>2,434,625</u>	<u>739,919</u>
Difference in overseas tax rates	(193,239)	-
Income tax expense	<u>2,241,386</u>	<u>739,919</u>

\* During the 30 June 2023 financial year, the consolidated entity has exceeded the \$20 million ATO threshold to claim the refundable research and development tax credit, the non-refundable research and development tax credits is recognised as an income tax benefit/offset from income tax expense.

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
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	<u>4,602,398</u>	<u>4,602,398</u>

The above potential tax benefit for tax losses has not been recognised in the statement of financial position as tax losses are related to prior years' capital losses and can only be offset against future capital gains. 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)**

	<b>Consolidated 2023</b>	<b>2022</b>
	\$	\$
<i>Net deferred tax assets</i>		
Net deferred tax assets comprises temporary differences attributable to:		
Employee benefits	233,115	201,832
Accrued expenses	107,737	87,407
Inventories	476,225	146,133
Unrealised foreign exchange losses	65,382	(54,626)
Property, plant and equipment	(303,424)	(151,157)
	<u>579,035</u>	<u>229,589</u>
Deferred tax asset		
Movements:		
Opening balance	229,589	192,534
Credited to profit or loss	349,446	37,055
	<u>579,035</u>	<u>229,589</u>
Closing balance		
	<b>Consolidated 2023</b>	<b>2022</b>
	\$	\$
<i>Current tax assets</i>		
Current tax assets	<u>630,655</u>	<u>734,150</u>
	<b>Consolidated 2023</b>	<b>2022</b>
	\$	\$
<i>Current tax liabilities</i>		
Current tax liabilities	<u>2,296,033</u>	<u>795,256</u>

**Note 9. Cash and cash equivalents**

	<b>Consolidated 2023</b>	<b>2022</b>
	\$	\$
<i>Current assets</i>		
Cash at bank	<u>6,348,867</u>	<u>7,295,534</u>

**Note 10. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Current assets</i>		
Trade receivables	2,208,614	891,338
Other receivables	80,786	46,687
Research and development tax incentives	-	1,035,645
Prepayments	681,269	936,547
	<u>681,269</u>	<u>1,972,192</u>
	<u>2,970,669</u>	<u>2,910,217</u>

*Allowance for expected credit losses*

The consolidated entity has recognised a loss of \$nil (2022: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

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

	<b>Carrying amount</b>	
<b>Consolidated</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Not overdue	367,473	868,229
0 to 3 months overdue	1,825,797	9,900
Over 3 months overdue	15,344	13,209
	<u>2,208,614</u>	<u>891,338</u>

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**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Current assets</i>		
Raw materials	7,733,327	3,574,937
Work in progress	3,902,940	1,166,895
Finished goods	6,812,400	1,136,047
	<u>18,448,667</u>	<u>5,877,879</u>

Inventories are recognised net of a provision for obsolescence of \$754,168 (2022: \$702,984) as at 30 June 2023.

**Note 12. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Land - at cost	2,159,790	2,207,392
Buildings - at cost	434,809	444,392
Less: Accumulated depreciation	(44,304)	(36,393)
	<u>390,505</u>	<u>407,999</u>
Leasehold improvements - at cost	235,873	235,873
Less: Accumulated depreciation	(123,113)	(99,486)
	<u>112,760</u>	<u>136,387</u>
Plant and equipment - at cost	4,253,448	3,655,901
Less: Accumulated depreciation	(1,624,163)	(1,805,507)
	<u>2,629,285</u>	<u>1,850,394</u>
Motor vehicles - at cost	129,635	132,494
Less: Accumulated depreciation	(129,070)	(129,418)
	<u>565</u>	<u>3,076</u>
	<u><u>5,292,905</u></u>	<u><u>4,605,248</u></u>

*Reconciliations*

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

<b>Consolidated</b>	Land \$	Building \$	Leasehold improvement \$	Plant and equipment \$	Motor vehicle \$	Total \$
Balance at 1 July 2021	2,146,230	405,337	147,043	1,466,936	5,045	4,170,591
Additions	-	11,465	19,540	574,423	-	605,428
Disposals	-	-	(83)	(48,060)	-	(48,143)
Exchange differences	61,162	-	-	44,772	122	106,056
Transfer from ROUA	-	-	-	128,708	192	128,900
Depreciation expense	-	(8,801)	(30,113)	(316,386)	(2,284)	(357,584)
Balance at 30 June 2022	2,207,392	408,001	136,387	1,850,393	3,075	4,605,248
Additions	-	-	-	1,053,428	-	1,053,428
Disposals	-	-	-	(31,946)	-	(31,946)
Exchange differences	(47,602)	(8,548)	-	(51,463)	5	(107,608)
Transfer from ROUA	-	-	-	287,440	-	287,440
Depreciation expense	-	(8,948)	(23,627)	(478,567)	(2,515)	(513,657)
Balance at 30 June 2023	<u><u>2,159,790</u></u>	<u><u>390,505</u></u>	<u><u>112,760</u></u>	<u><u>2,629,285</u></u>	<u><u>565</u></u>	<u><u>5,292,905</u></u>

### Note 13. Right-of-use assets

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	591,412	564,576
Plant and equipment - right-of-use	-	314,808
Motor vehicles - right-of-use	1,250	7,289
	<u>592,662</u>	<u>886,673</u>

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.

#### Reconciliations

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

<b>Consolidated</b>	Building \$	Plant and equipment \$	Motor vehicle \$	Total \$
Balance at 1 July 2021	632,317	502,760	19,737	1,154,814
Additions	100,525	-	-	100,525
Exchange differences	(4,160)	13,611	438	9,889
Transfer to PPE	-	(128,708)	(192)	(128,900)
Depreciation expense	(164,106)	(72,855)	(12,694)	(249,655)
	<u>564,576</u>	<u>314,808</u>	<u>7,289</u>	<u>886,673</u>
Balance at 30 June 2022	564,576	314,808	7,289	886,673
Additions	234,943	-	-	234,943
Exchange differences	(143)	(38)	1	(180)
Transfer to PPE	-	(297,811)	-	(297,811)
Depreciation expense	(207,964)	(16,959)	(6,040)	(230,963)
	<u>591,412</u>	<u>-</u>	<u>1,250</u>	<u>592,662</u>
Balance at 30 June 2023	<u>591,412</u>	<u>-</u>	<u>1,250</u>	<u>592,662</u>

For other lease disclosures refer to:

- note 7 for interest on lease liabilities
- note 18 for lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

### Note 14. Intangibles

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Non-current assets</i>		
Development - at cost	94,859	94,859
Software - at cost	12,354	-
Less: Accumulated amortisation	(2,441)	-
	<u>9,913</u>	<u>-</u>
	<u>104,772</u>	<u>94,859</u>

**Note 14. Intangibles (continued)**

*Reconciliations*

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

<b>Consolidated</b>	Development cost \$	Software \$	Total \$
Balance at 1 July 2021	106,048	-	106,048
Additions	61,844	-	61,844
Research and development rebate	(73,033)	-	(73,033)
Balance at 30 June 2022	94,859	-	94,859
Additions	-	1,984	1,984
Transfers in/(out)	-	10,370	10,370
Amortisation expense	-	(2,441)	(2,441)
Balance at 30 June 2023	<u>94,859</u>	<u>9,913</u>	<u>104,772</u>

**Note 15. Trade and other payables**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables	6,027,001	4,463,965
Sundry creditors and accrued expenses	1,250,465	1,085,956
	<u>7,277,466</u>	<u>5,549,921</u>

Refer to note 24 for further information on financial instruments.

**Note 16. Contract liabilities**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	452,941	-
<i>Non-current liabilities</i>		
Contract liabilities	442,353	-
	<u>895,294</u>	<u>-</u>

*Reconciliation*

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

Opening balance	-	-
Payments received in advance	895,294	-
Transfer to revenue	-	-
Closing balance	<u>895,294</u>	<u>-</u>

**Note 16. Contract liabilities (continued)**

*Unsatisfied performance obligations*

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied in relation to extended warranties at the end of the reporting period was \$895,294 as at 30 June 2023 (\$nil as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Within 12 months	452,941	-
12 to 24 months	442,353	-
	<u>895,294</u>	<u>-</u>

**Note 17. Borrowings**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Current liabilities</i>		
Bank loans	<u>952,229</u>	<u>1,122,142</u>
<i>Non-current liabilities</i>		
Bank loans	<u>5,523,972</u>	<u>4,151,846</u>
	<u>6,476,201</u>	<u>5,273,988</u>

Refer to note 24 for further information on financial instruments.

**Note 17. Borrowings (continued)**

The bank loans consist of the following:

- (i) A loan of MYR 5,460,000 (AUD 1,629,851) from Public Bank Berhad. The term of the loan is 20 years, and the loan interest is calculated using the Base Lending Rate (Variable Rate) less a discount of 2.20% at the 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 4,408,557 (AUD 1,421,107) as at 30 June 2023 (2022: MYR 4,648,453 (AUD 1,531,464)).
- (ii) A loan of MYR 2,730,000 (AUD 929,393) from Public Bank Berhad. The term of the loan is 20 years, and the loan interest is calculated using the Base Lending Rate (Variable Rate) less a discount of 2.20% at the 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 2,439,670 (AUD 786,432) as at 30 June 2023 (2022: MYR 2,552,538 (AUD 840,951)).
- (iii) A loan of MYR 498,800 (AUD 159,780) from Public Bank Berhad. The term of the loan is 10 years, and the loan interest is calculated using the Base Lending Rate (Variable Rate) less a discount of 2% at the 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 385,631 (AUD 124,309) as at 30 June 2023 (2022: MYR 428,740 (AUD 141,252)).
- (iv) A loan of AUD 3,000,000 from ANZ. The term of the loan is 3 years, and the loan interest is calculated using the Business Mortgage Index rate (Variable Rate) less a margin of 3.75% at the bank's discretion from time to time. The monthly repayment includes the payment of loan principal and interest. The first monthly instalment commenced on 30 April 2022, subsequent instalments are to be paid on or before the 1st of each calendar month and total repayments are 36 instalments in 36 months. The carrying amount of the loan was \$nil as it was fully paid as of 30 June 2023 (2022: AUD 2,760,321).
- (v) A loan of AUD 2,000,000 from WBC. The term of the loan is 5 years, with a variable interest rate of 7.38%. The carrying amount of the loan was AUD 1,655,445 as of 30 June 2023 (2022: \$nil).
- (vi) A loan of AUD 3,000,000 from WBC. The term of the loan is 5 years, with a variable interest rate of 7.38%. The carrying amount of the loan was AUD 2,488,907 as of 30 June 2023 (2022: \$nil).

**Note 18. Lease liabilities**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability	228,492	212,781
<i>Non-current liabilities</i>		
Lease liability	423,835	457,534
	652,327	670,315

**Note 18. Lease liabilities (continued)**

Future minimum lease payments at 30 June were as follows:

	Less than 1 year \$	1 – 5 years \$	> 5 years \$	Total \$
<b>2023</b>				
Lease Payments	258,748	448,428	-	707,176
Finance Charges	(30,256)	(24,593)	-	(54,849)
	<u>228,492</u>	<u>423,835</u>	<u>-</u>	<u>652,327</u>
<b>2022</b>				
Lease Payments	244,812	499,855	-	744,667
Finance Charges	(32,031)	(42,321)	-	(74,352)
	<u>212,781</u>	<u>457,534</u>	<u>-</u>	<u>670,315</u>

**Note 19. Employee benefits**

	Consolidated	
	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	795,265	636,605
Long service leave	<u>306,513</u>	<u>296,968</u>
	<u>1,101,778</u>	<u>933,573</u>
<i>Non-current liabilities</i>		
Long service leave	<u>50,866</u>	<u>56,389</u>
	<u><u>1,152,644</u></u>	<u><u>989,962</u></u>

**Note 20. Provisions**

	Consolidated	
	2023 \$	2022 \$
<i>Current liabilities</i>		
Warranties	<u>214,737</u>	<u>-</u>

*Warranties*

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

**Note 20. Provisions (continued)**

*Movements in provisions*

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

<b>Consolidated - 2023</b>	Warranties \$
Carrying amount at the start of the year	-
Additional provisions recognised	220,928
Exchange differences	<u>(6,191)</u>
Carrying amount at the end of the year	<u><u>214,737</u></u>

**Note 21. Issued capital**

	<b>2023</b> Shares	<b>Consolidated</b> <b>2022</b> Shares	<b>2023</b> \$	<b>2022</b> \$
Ordinary shares - fully paid	<u>1,379,700,602</u>	<u>1,375,700,602</u>	<u>40,072,575</u>	<u>39,992,575</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2021	<u>1,375,700,602</u>		<u>39,992,575</u>
Balance	30 June 2022	1,375,700,602		39,992,575
Issuance of shares on the exercise of options	9 June 2023	<u>4,000,000</u>	\$0.020	<u>80,000</u>
Balance	30 June 2023	<u><u>1,379,700,602</u></u>		<u><u>40,072,575</u></u>

*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.

**Note 21. Issued capital (continued)**

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 22. Reserves**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Foreign currency reserve	114,934	3,264
Share-based payments reserve	-	510,000
	<u>114,934</u>	<u>513,264</u>

*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:

<b>Consolidated</b>	Foreign currency reserve \$	Share-based payments reserve \$	Total \$
Balance at 1 July 2021	(163,175)	630,000	466,825
Foreign currency translation	166,439	-	166,439
Lapsed options transferred to accumulated losses	-	(120,000)	(120,000)
	<u>3,264</u>	<u>510,000</u>	<u>513,264</u>
Balance at 30 June 2022	3,264	510,000	513,264
Foreign currency translation	111,670	-	111,670
Lapsed options transferred to accumulated losses	-	(510,000)	(510,000)
	<u>114,934</u>	<u>-</u>	<u>114,934</u>
Balance at 30 June 2023	114,934	-	114,934

**Note 23. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.



**Note 24. Financial instruments (continued)**

An analysis of remaining contractual maturities is 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 prepayment basis until creditworthiness can be re-established.

The nature of the consolidated entity's operations means that approximately 92% (2022: 92%) of its sales are made to 5 (2022: 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:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Australia	196,437	702,808
Asia	155,926	145,385
Europe	1,687,094	52,535
USA	169,157	(9,390)
	<u>2,208,614</u>	<u>891,338</u>

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

	Australia \$	Asia \$	Europe \$	USA \$	Total \$
<b>2023</b>					
Not past due	130,490	155,881	-	81,102	367,473
Past due 30 days	50,769	-	1,687,094	87,934	1,825,797
Past due 60 days	15,178	45	-	121	15,344
Total	<u>196,437</u>	<u>155,926</u>	<u>1,687,094</u>	<u>169,157</u>	<u>2,208,614</u>
<b>2022</b>					
Not past due	667,174	145,385	52,578	3,092	868,229
Past due 30 days	9,900	-	-	-	9,900
Past due 60 days	25,734	-	(43)	(12,482)	13,209
Total	<u>702,808</u>	<u>145,385</u>	<u>52,535</u>	<u>(9,390)</u>	<u>891,338</u>

**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 aims 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.

**Note 24. Financial instruments (continued)**

*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.

	6 months or less \$	Between 6 and 12 months \$	Between 1 and 3 years \$	Over 3 years \$	Remaining contractual maturities \$
<b>Consolidated - 2023</b>					
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	6,027,001	-	-	-	6,027,001
Other payables	1,250,465	-	-	-	1,250,465
<i>Interest-bearing - variable</i>					
Bank loans	666,622	666,622	2,666,489	3,964,770	7,964,503
Lease liability	130,996	127,752	422,565	25,863	707,176
Total non-derivatives	<u>8,075,084</u>	<u>794,374</u>	<u>3,089,054</u>	<u>3,990,633</u>	<u>15,949,145</u>
<b>Consolidated - 2022</b>					
<b>Non-derivatives</b>					
<i>Non-interest bearing</i>					
Trade payables	4,463,965	-	-	-	4,463,965
Other payables	1,085,956	-	-	-	1,085,956
<i>Interest-bearing - variable</i>					
Bank loans	636,349	636,648	2,285,531	2,502,753	6,061,281
Lease liability	143,026	101,786	329,272	170,583	744,667
Total non-derivatives	<u>6,329,296</u>	<u>738,434</u>	<u>2,614,803</u>	<u>2,673,336</u>	<u>12,355,869</u>

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 are a reasonable approximation their fair value.

**Note 25. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, its network firms and unrelated firms:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>92,000</u>	<u>79,131</u>
<i>Audit services - Grant Thornton Audit Pty Ltd network firms</i>		
Audit or review of the financial statements	<u>110,723</u>	<u>-</u>
<i>Audit services - unrelated firms</i>		
Audit or review of the financial statements	<u>15,861</u>	<u>-</u>

**Note 26. Contingent liabilities**

The consolidated entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

**Note 27. Commitments**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Purchase commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Inventories	<u>19,444,442</u>	<u>10,903,918</u>
Property, plant and equipment	<u>166,295</u>	<u>97,953</u>

**Note 28. 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:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Short-term employee benefits	1,769,975	1,235,995
Post-employment benefits	168,215	115,829
Long-term benefits	<u>41,153</u>	<u>11,951</u>
	<u>1,979,343</u>	<u>1,363,775</u>

**Note 29. Related party transactions**

*Parent entity*

Rectifier Technologies Ltd is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 30.

**Note 29. Related party transactions (continued)**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 28 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 are no other related party transactions outside of the consolidated entity and KMP remuneration were made.

**Note 30. 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	
		2023 %	2022 %
Protran Technologies Pty Ltd*	Australia	-	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%

\* Deregistered in February 2023.

**Note 31. Earnings per share**

	Consolidated	
	2023 \$	2022 \$
Profit after income tax attributable to the owners of Rectifier Technologies Ltd	<u>6,457,153</u>	<u>491,955</u>
	<b>Number</b>	<b>Number</b>
The weighted average number of ordinary shares used in calculating basic earnings per share	1,379,700,602	1,375,700,602
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>8,840,000</u>	<u>46,840,000</u>
The weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,388,540,602</u>	<u>1,422,540,602</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.47	0.04
Diluted earnings per share	0.47	0.03

**Note 32. Reconciliation of profit after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	6,457,153	491,955
Adjustments for:		
Depreciation and amortisation	747,061	607,239
Provision for stock obsolescence	51,184	148,622
Unrealised currency (gain)/loss	517,435	(86,192)
Net loss/(gain) on sale/acquisition of assets	31,946	(34,956)
Capitalised interest	-	87,200
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,344,213)	(1,441,878)
Increase in inventories	(12,621,972)	(3,861,912)
Decrease in income tax refund due	103,495	-
Increase/(decrease) in net deferred tax assets	(349,446)	35,949
Increase in trade and other payables	1,727,545	2,746,773
Increase in contract liabilities	895,294	-
Increase in provision for income tax	2,506,483	404,843
Increase in employee benefits	162,682	176,357
Increase in other provisions	214,737	-
Net cash used in operating activities	<u>(900,616)</u>	<u>(726,000)</u>

**Note 33. Changes in liabilities arising from financing activities**

<b>Consolidated</b>	Bank loans \$	Lease liabilities \$	Total \$
Balance at 1 July 2021	2,594,100	883,874	3,477,974
Net cash from/(used in) financing activities	2,505,974	(365,513)	2,140,461
Finance costs	104,930	48,195	153,125
Other changes	68,984	103,759	172,743
Balance at 30 June 2022	5,273,988	670,315	5,944,303
Net cash from/(used in) financing activities	1,024,467	(291,162)	733,305
Finance costs	177,746	38,231	215,977
Acquisition of leases	-	234,943	234,943
Balance at 30 June 2023	<u>6,476,201</u>	<u>652,327</u>	<u>7,128,528</u>

**Note 34. 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.

**Note 34. Share-based payments (continued)**

2023			Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant date							
22/07/2019	*	\$0.070	34,000,000	-	-	(34,000,000)	-
01/06/2003	**	\$0.020	4,480,000	-	(4,000,000)	-	480,000
01/11/2003	**	\$0.020	8,360,000	-	-	-	8,360,000

\* expiry date is on 13 September 2022.

\*\* there is no expiry date for the exercise of the options.

2022			Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant date							
22/07/2019	*	\$0.070	42,000,000	-	-	(8,000,000)	34,000,000
01/06/2003	**	\$0.020	4,480,000	-	-	-	4,480,000
01/11/2003	**	\$0.020	8,360,000	-	-	-	8,360,000

\* expiry date is on 13 September 2022.

\*\* there is no expiry date for the exercise of the options.

The weighted average fair value of options during the financial year was \$0.015 (2022: \$0.015).

The weighted average remaining contractual life of options outstanding at the end of the financial year was nil years (2022: 0.21 years).

**Note 35. Parent entity information**

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

*Statement of profit or loss and other comprehensive income*

	Parent	
	2023 \$	2022 \$
Profit/(loss) after income tax	(685,359)	229,496
Total comprehensive income	(685,359)	229,496

**Note 35. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Total current assets	2,840,280	2,287,673
Total assets	16,674,923	3,661,150
Total current liabilities	3,307,487	2,292,003
Total liabilities	15,288,289	1,669,157
Equity		
Issued capital	40,072,575	39,992,575
Foreign currency reserve	50,647	50,647
Share-based payments reserve	-	510,000
Accumulated losses	(38,736,588)	(38,561,229)
Total equity	<u>1,386,634</u>	<u>1,991,993</u>

*a. Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

On 22 August 2022, the parent company provided a guarantee for WBC loan of \$2,000,000.00 to Rectifier Technologies Pacific Pty Ltd. The parent entity had no guarantees in relation to the debts of its subsidiaries for the financial year ended as at 30 June 2022.

*b. Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

*c. Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

*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 36. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2023 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.

**Rectifier Technologies Ltd**  
**Directors' declaration**  
**30 June 2023**



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 2023 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

A handwritten signature in black ink, appearing to read "Yanbin Wang", written over a horizontal line.

Mr. Yanbin Wang  
Director

28 September 2023  
Melbourne

## Independent Auditor's Report

### To the Members of Rectifier Technologies Limited

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of Rectifier Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 2023 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
<b>Revenue recognition (Note 5)</b>	
<p>Revenue recorded from the sale of products and services to customers amounted to \$39,428,363 for the year ended 30 June 2023.</p> <p>The Group enters into transactions for the sale of power rectifiers. The total transaction price for a contract is based on their relative stand-alone selling price. Revenue is recognised at a point in time when the Group satisfies the performance obligations, which is generally at the point of delivery.</p> <p>This is a key audit matter given the judgement applied to determine the appropriate recognition of revenue and the material nature of revenue to the Group's overall performance.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Reviewing revenue recognition policies for appropriateness in accordance with AASB 15 <i>Revenue from Contracts with Customers</i>;</li><li>• Testing a sample of revenue transactions during the year and assessing whether revenue has been recognised in accordance with AASB 15, including:<ul style="list-style-type: none"><li>– Reviewing the relevant contracts with customers;</li><li>– Assessing management's determination of performance obligations within contracts and the allocation of the transaction price to those obligations;</li><li>– Testing the timing of revenue recognition;</li></ul></li><li>• Evaluating sales transactions around reporting date to assess whether revenue is recognised in the correct period;</li><li>• Performing non-substantive analytical procedures to assess revenue recognised against known business factors and investigating variances to our expectations; and</li><li>• Assessing the adequacy of related disclosures in the financial statements.</li></ul>
<b>Inventory valuation (Note 11)</b>	
<p>As at 30 June 2023, the Group holds inventory with a carrying value of \$18,448,667. The Group is required to carry their inventory at the lower of cost or net realisable value, in accordance with AASB 102 <i>Inventories</i>.</p> <p>Determining the value of inventory requires significant judgement. Specifically, estimating the provision for inventory obsolescence involves significant management judgement, including predictions about market conditions, future sales, and obsolescence.</p> <p>This is a key audit matter due to the materiality of the inventory balance and the level of management judgement required to determine the inventory value.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Understanding and documenting management's process of calculating the inventory provision and evaluating the Group's compliance with the requirements of AASB 102;</li><li>• Testing a sample of inventory items to assess the cost basis and net realisable value of inventories;</li><li>• Analysing slow-moving inventory and evaluating their saleability and obsolescence;</li><li>• Considering additional factors that may indicate inventory items require an adjustment to their carrying amount, including discontinued lines; and</li><li>• Assessing the adequacy of the related disclosures in the financial statements.</li></ul>

### **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 2023, 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: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/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 8 to 13 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Rectifier Technologies Limited, for the year ended 30 June 2023 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 Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance  
Melbourne, 28 September 2023

The shareholder information set out below was applicable as at 11 September 2023.

**Distribution of equitable securities**

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

	Number of holders	Ordinary shares % of total shares issued	Number of units
1 to 1,000	46	-	16,101
1,001 to 5,000	32	0.01	92,672
5,001 to 10,000	235	0.15	2,094,663
10,001 to 100,000	1,968	5.48	75,552,174
100,001 and over	662	94.36	1,301,944,992
	<u>2,943</u>	<u>100.00</u>	<u>1,379,700,602</u>
Holding less than a marketable parcel*	<u>-</u>	<u>-</u>	<u>-</u>

\* Minimum \$500 parcel: 192 holders, being 996,475 units (0.07%)

	Options Number of holders	Options % of total options	Options Number of options
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 over	32	100	45,840,000
	<u>32</u>	<u>100</u>	<u>45,840,000</u>

**Substantial holders**

Substantial holders in the Company are set out below:

	Number held	Ordinary shares % of total shares issued
PUDU INVESTMENT (AUSTRALIA) PTY LTD	224,643,616	16.28
YUNG SHING	150,000,000	10.87
MR YANBIN WANG	70,000,000	5.07
MR MALCOLM ALISTAIR DUNCAN	69,187,950	5.01
MR LEI LI	68,460,000	4.96

**Equity security holders**

*Twenty largest quoted equity security holders*

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

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
PUDU INVESTMENT (AUSTRALIA) PTY LTD	224,643,616	16.28
YUNG SHING	150,000,000	10.87
MR YANBIN WANG	70,000,000	5.07
MR MALCOLM ALISTAIR DUNCAN	69,187,950	5.01
MR LEI LI	68,460,000	4.96
MR SONGWU LU	66,841,260	4.84
MRS ZHENGHUA ZHU	50,000,000	3.62
MR WEIGUO XIE	40,747,642	2.95
MR MAKRAM HANNA + MRS RITA HANNA	38,637,542	2.80
V AND G SUPER PTY LTD	36,440,000	2.64
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	26,210,156	1.90
BOND STREET CUSTODIANS LIMITED	25,999,605	1.88
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	1.01
TOPAZ INVESTMENTS PTE LTD	13,837,650	1.00
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
MR KANG CHEN	9,355,000	0.68
	<u>977,519,933</u>	<u>70.82</u>

*Unquoted equity securities*

	<b>Number on issue</b>	<b>Number of holders</b>
Unlisted options exercise price \$0.02	8,840,000	8
Unlisted ESOP options exercise price \$0.06 expiring 15/08/25	37,000,000	24

**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