

# Half Year Report of Rectifier Technologies Ltd for the Period Ended 31 December 2014

(ACN 058 010 692)

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

Current Reporting Period: Financial Period ended 31 December 2014

Previous Corresponding Period: Financial Period ended 31 December 2013

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

# Rectifier Technologies Ltd

## Results For Announcement To The Market

### For the Half Year Ended 31 December 2014

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

		Percentage Change %		Amount
Revenue from continuing operations	Up	37.55%	To	2,684,581
Profit(loss) from continuing operations after tax attributable to members	Up	164.13%	To	116,674
Profit attributable to members	Up	76.33%	To	106,204

#### Dividends (Distributions)

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

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

<ul style="list-style-type: none"> <li>Revenue from continuing operations increased by 37.55% to \$2,684,581 and net profit from continuing operations after tax increased by \$298,609 to a gain of \$116,674. Profit attributable to members increased by 76.33% to \$106,204. Refer to the Financial Statements for commentary.</li> <li>No dividend recommended for the period.</li> </ul>
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**Rectifier Technologies Ltd**  
**Results For Announcement To The Market**  
**For the Half Year Ended 31 December 2014**

**5. Net Tangible Assets Per Security**

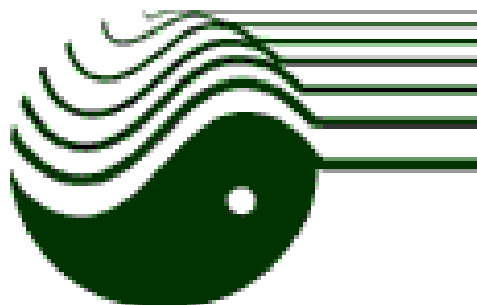
	2014 \$'000	2013 \$'000
Net tangible assets per security	0.113¢	0.019¢

**6. Dividends**

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



Justyn Stedwell  
Company Secretary  
27 February 2015



**RECTIFIER TECHNOLOGIES LTD**

**ABN: 82 058 010 692**

**HALF-YEAR CONSOLIDATED  
FINANCIAL STATEMENTS  
31 DECEMBER 2014**

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## **COMPANY PARTICULARS**

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

Mr. Yingming Wang (Chairman)

Mr. Yanbin Wang

Mr. Tino Vescovi

Mr. Yizheng Sun (Appointed 28/07/2014 resigned 01/09/2014)

Mr. Daming Hu (Appointed 01/10/2014 resigned 26/11/2014)

### ***SECRETARY***

Mr. Justyn Stedwell

### ***REGISTERED OFFICE***

24 Harker Street

Burwood, Victoria 3125

Telephone: 03 9896 7550

Facsimile: 03 9896 7566

### ***SHARE REGISTRY***

Computershare Investor Services Pty Ltd

452 Johnston Street, Abbotsford

MELBOURNE, VIC 3067

### ***AUDITORS***

Grant Thornton Audit Pty Ltd

525 Collins Street

MELBOURNE, VIC 3000

### ***BANKERS***

HSBC Bank Australia Limited

140 William Street

MELBOURNE, VIC 3000

### ***FINANCIERS***

Scottish Pacific Benchmark Group

Level 2, 441 St Kilda Rd

MELBOURNE, VIC 3004

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## Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

### DIRECTORS' REPORT

Your directors submit the financial report of Rectifiers Technologies Ltd and its controlled entities (the Company) for the half-year ended 31 December 2014.

#### Directors

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

Mr. Yingming Wang (Non-Executive)

Mr. Tino Vescovi (Non-Executive)

Mr. Yanbin Wang (Executive)

Mr. Yizheng Sun (Non-Executive) \* Appointed 28/07/2014 resigned 01/09/2014

Mr. Daming Hu (Non-Executive) \* Appointed 01/10/2014 resigned 26/11/2014

#### Review of Operations

#### Financial Results

For the half year to 31 December 2014, the Group recorded a profit of \$106,204 compared with a profit of \$60,231 in the previous corresponding period, which is an increase of \$45,973. Revenue from continuing operations increased from \$1,951,766 in the previous corresponding period to \$2,684,581, an increase of \$732,815.

The improvement in results in the half year to 31<sup>st</sup> December 2014 reflects the restructuring measures taken in the 2012/13 year in the Australian operations including moving to lower cost premises, reduction in staff numbers and moving manufacturing to Malaysia. The result also reflects improvement in the results of Rectifier Technologies Pacific Pty Ltd ("RTP") and Rectifier Technologies (M) Sdn Bhd ("RTM"). In particular the current period of half year sales of RTP & RTM increased 38% and 26% compared with the previous corresponding period and also were assisted by the weakening of the Australian Dollar against the US Dollar. Included in the group result is a license cancellation expense of \$322,581 in relation to a long-term agreement from the 2011 financial year in which not all conditions of the agreement were met, this was previously recognised as other income and has now been reversed as an expense in the half year. The result also includes R&D tax rebates of \$645,785.

The results for the 6 months to December 2014 compared with those of the previous corresponding period are shown in the following table (\$'000).

	December 2014	December 2013
Revenue from continuing operations	2,685	1,952
Gross Profit	1,095	821
Gross Margin	40.78%	42.06%
Profit/(Loss) from continuing operations before Tax	117	(182)
Income Tax Benefit/(Expense)	(11)	(2)
Profit/(Loss) from continuing operations after Tax	106	(184)
Profit/(Loss) from discontinued operations after Tax	-	244
Net Profit/(Loss)	106	60

## **Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

### **DIRECTORS' REPORT**

#### **Funding**

Early in the year to 30 June 2011, Pudu Investments advanced \$650,447 of additional loan funds to support the parent company until sales increased sufficiently to enable it to be self-sustaining cash flow wise. At 31st December 2014, the outstanding balance owing on the loan to Pudu Investments was \$300,393. This loan is interest bearing and was repayable in the year to June 2012, but because of tight cash flow this was not achieved.

In addition to this loan, there are director loans to the parent company totalling \$866,253. As a result of the Pudu Investments agreement of April 2010 these loans were no longer interest bearing from 7th April 2010 and are not repayable until the later of 4th June 2012 or when formally agreed by the Group and the lenders (Messrs Shaw, Vescovi, Duncan and Pudu). No demand for repayment has been made and the lenders have agreed to not seek repayment at this time, but voluntary payment of \$38,643 has been made to directors on 28th of Nov 2014 as group cash flow situation has improved since 31st of March 2014 as a result of the sale of Rectifier Technologies (UK) Ltd on that date.

#### **Going Concern**

The financial statements as at 31<sup>st</sup> December 2014 have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company's ability to continue as a going concern continues to depend on future sales levels and the continuing support of its financiers (Pudu Investments, current and former directors, debtor financiers) and creditors.

Significant recent developments which have assisted cash flow and profitability are the reduction in Australian staff numbers and operating costs, the move in Melbourne to lower costs premises, and the transfer of high cost Australian manufacturing activities to Malaysia. Also, the sale of Rectifier Technologies (UK) Ltd on 31st of March 2014 has had a positive impact on group cash flow in the short-term.

#### **Outlook**

The Company has continually optimized its operations as a result of this and the stronger performances from RTP and RTM, it was able to report a profit in the half year to December 2014. The continue increase in sales in the future lies with the new high voltage, high efficiency rectifiers and systems. These products, in particular for electrical vehicle charging, High Voltage Direct Current (HVDC) Datacentres and other specialised applications, are aimed at developing markets in China, North America and Europe.



**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**DIRECTORS' REPORT**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2014.

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



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Yanbin Wang  
Director

Dated this 27<sup>th</sup> day of February 2015

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**Auditor's Independence Declaration  
To The Directors of Rectifier Technologies Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Rectifier Technologies Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adrian Nathanielsz  
Partner - Audit & Assurance

Melbourne, 27 February 2015

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**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	31 December 2014 \$	31 December 2013 \$
Note		
Revenue	2,684,581	1,951,766
Other income	878,495	344,321
Changes in inventories of finished goods and work in progress	219,863	212,807
Raw materials and consumables used	(1,464,013)	(841,503)
Employee benefits expense	(1,400,846)	(1,369,180)
Depreciation expense	(20,755)	(17,395)
Finance costs	(13,495)	(20,627)
License cancellation expense	(322,581)	-
Other expenses	(444,575)	(442,124)
Profit/(loss) before income tax expense	116,674	(181,935)
Income tax expense	(10,470)	(1,777)
<b>Profit/(loss) from continuing operations after income tax</b>	<b>106,204</b>	<b>(183,712)</b>
<b>Profit/(loss) from discontinued operations after income tax</b>	<b>-</b>	<b>243,943</b>
<b>Net profit/(loss) after income tax attributable to owners of Rectifier Technologies Limited</b>	<b>106,204</b>	<b>60,231</b>
<b>Other comprehensive income</b>		
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences	24,798	108,508
Income tax on items of other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>131,002</b>	<b>168,739</b>
<b>Basic profit/(loss) per share (cents per share)</b>		
Earnings from continuing operations	0.01	(0.02)
Earnings from discontinued operations	-	0.02
Total	0.01	0.00
<b>Diluted profit/(loss) per share (cents per share)</b>		
Earnings from continuing operations	0.01	(0.02)
Earnings from discontinued operations	-	0.02
Total	0.01	0.00

The accompanying notes form part of these financial statements.

**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

	31 December 2014 \$	30 June 2014 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	673,321	175,675
Trade and other receivables	1,302,175	1,821,009
Inventories	1,858,720	1,602,347
<b>TOTAL CURRENT ASSETS</b>	<b>3,834,216</b>	<b>3,599,031</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	112,891	111,602
Plant and equipment	196,092	178,730
<b>TOTAL NON-CURRENT ASSETS</b>	<b>308,983</b>	<b>290,332</b>
<b>TOTAL ASSETS</b>	<b>4,143,199</b>	<b>3,889,363</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,186,828	2,394,921
Deferred revenue	3,125	87,000
Interest bearing liabilities	311,278	259,633
Provisions	266,074	215,858
Current tax liability	-	28,399
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,767,305</b>	<b>2,985,811</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing liabilities	35,335	39,553
Provisions	29,681	24,757
Deferred tax liability	1,994	3,660
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>67,010</b>	<b>67,970</b>
<b>TOTAL LIABILITIES</b>	<b>2,834,315</b>	<b>3,053,781</b>
<b>NET ASSETS</b>	<b>1,308,884</b>	<b>835,582</b>
<b>EQUITY</b>		
Issued capital	37,781,730	37,439,430
Reserves	136,982	112,184
Accumulated losses	(36,609,828)	(36,716,032)
<b>TOTAL EQUITY</b>	<b>1,308,884</b>	<b>835,582</b>

The accompanying notes form part of these financial statements.

**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Share Capital Ordinary \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Total \$
<b>Balance at 1.7.2014</b>	37,439,430	(36,716,032)	112,184	835,582
Profit for the half-year	-	106,204	-	106,204
<b><i>Other comprehensive income</i></b>				
Foreign currency translation difference	-	-	24,798	24,798
<b>Total comprehensive income for the half-year</b>	-	106,204	24,798	131,002
<b>Transactions with owners in their capacity as owners</b>				
Shares Issued	342,300	-	-	342,300
	342,300	-	-	342,300
<b>Balance at 31.12.2014</b>	37,781,730	(36,609,828)	136,982	1,308,884
<b>Balance at 1.7.2013</b>	37,379,430	(37,291,706)	(106,337)	(18,613)
Profit for the half-year	-	60,231	-	60,231
<b><i>Other comprehensive income</i></b>				
Foreign currency translation difference	-	-	108,508	108,508
<b>Total comprehensive income for the half-year</b>	-	60,231	108,508	168,739
<b>Transactions with owners in their capacity as owners</b>				
Shares Issued	60,000	-	-	60,000
	60,000	-	-	60,000
<b>Balance at 31.12.2013</b>	37,439,430	(37,231,475)	2,171	210,126

The accompanying notes form part of these financial statements.

**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	31 December 2014 \$	31 December 2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	3,968,495	2,395,707
Payments to suppliers and employees	(3,333,121)	(2,164,217)
Interest received	14	2
Finance costs	(875)	(2,946)
Tax refund/(paid)	(1,764)	1,771
Net cash from continuing operations	632,749	230,317
Net cash from discontinued operations	-	(12,911)
Net cash provided by/(used in) operating activities	632,749	217,406
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for plant and equipment	(44,421)	(10,329)
Proceeds from sale of plant and equipment	2,927	949
Net cash from continuing operations	(41,494)	(9,380)
Net cash from discontinued operations	-	(1,005)
Net cash used in investing activities	(41,494)	(10,385)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(66,611)	(136,430)
Net cash from continuing operations	(66,611)	(136,430)
Net cash from discontinued operations	-	9,558
Net cash used in financing activities	(66,611)	(126,872)
Net increase/(decrease) in cash and cash equivalents	524,644	80,149
Cash and cash equivalents at 1 July	175,675	104,777
Effect of exchange rate fluctuations on cash held	(26,998)	28,115
Cash and cash equivalents at 31 December	673,321	213,041

The accompanying notes form part of these financial statements.

## **Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

#### **NOTE 1: BASIS OF PREPARATION**

These general purpose financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2014 and any public announcements made by Rectifier Technologies Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

#### **(a) Significant Accounting Policies**

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

#### **(b) Estimates and judgements**

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2014.

#### **(c) Material uncertainty regarding Going Concern**

The financial statements as at 31 December 2014 have been prepared on a going concern basis, which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has recorded positive cash flows from operating activities of \$632,749 and a profit after income tax of \$106,204 during the period, and has positive net assets of \$1,308,884 at 31 December 2014.

The ability of the Group to continue as a going concern is dependent on the continued support of its financiers (Pudu Investments (Australia) Pty Ltd, current and former directors, debtor financiers) and creditors. It is also dependent on the ability of the Group to generate sufficient future cash flows to enable it to repay these financiers through a combination of a reduction in operating costs, an increase in sales and the raising of additional capital.

The loan from Pudu Investment (Australia) Pty Ltd of \$300,393 at 31 December 2014 remains outstanding beyond the originally agreed repayment terms, however there has been no demand for repayment of these loans.

Loans totalling \$866,253 and director's fees totalling \$363,512 payable to current and former directors remain outstanding as at 31 December 2014. As a result of the agreement with Pudu Investment (Australia) Pty Ltd dated 7 April 2010, the loans are not repayable until formally agreed with Rectifier Technologies Limited and the lenders. No demand for repayment of these amounts has been received nor agreement made regarding their repayment date, but voluntary payment of \$38,643 has been made to directors on 28<sup>th</sup> of Nov 2014 as group cashflow situation has improved since 31<sup>st</sup> of March 2014 as a result of the sale of Rectifier Technologies (UK) Ltd on that date.

## **Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

#### **NOTE 1: BASIS OF PREPARATION**

Notwithstanding these factors, the directors are of the view that the going concern assumption is appropriate due to the following factors:

- Pudu Investment (Australia) Pty Ltd has previously extended financial support to the Group by providing working capital loans, has the financial capacity to continue to provide this support, and there are no indications that this support will be withdrawn before the loan can be repaid by the Group;
- Current and former directors will continue to support the Group via existing loans and there is no indication that they will call on these loans prior to the Group being able to repay them out of cash flow;
- The sale of Rectifier Technologies (UK) Ltd on 31st of March 2014 has had a positive impact on group cashflow in the short-term.
- There is no indication that the debtor financiers will withdraw their support and there are no indicators that the credit quality of trade debtors under finance or those to be factored in regular trade over the next 18 months will deteriorate resulting in the withdrawal of or reduction in the debtor finance facility;
- There are no current indications that the sales orders will drop to a level that will not support the sales forecasts for the coming year.
- The Group has successfully completed a restructure, including moving manufacturing from Australia to Malaysia, reduction of Australian employee numbers and relocation of the operating premises in Australia. These restructuring activities have reduced ongoing operating costs.
- The Group has recently entered into non-binding sales partnerships with companies in China, and there is a reasonable expectation of increased sales as a result.
- The Group continues to develop new products and increase sales in particular for electrical vehicle charging and High Voltage Direct Current (HVDC) Datacentres, are aimed at developing markets in China, North America and Europe.

Therefore, the directors have concluded that the Group currently has the ability to continue as a going concern and therefore is able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

#### **NOTE 2: DIVIDENDS**

No dividend was paid or recommended during the interim period.



## **Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

#### **NOTE 3: SEGMENT INFORMATION**

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions). This has resulted in the manufacturing segment being disaggregated into 3 reportable segments being electronics component manufacturing, industrial power supplies (electricity generation and distribution) and industrial power supplies (transport).

#### **Description of segments**

Management has determined the operating segments based on reports reviewed by the executive management committee for making strategic decision. The executive management committee comprises the chief executive officer and divisional managers. The committee monitors the business based on product and geographic factors and have identified 3 reportable segments.

#### **Electronic Components**

This is Rectifier Technologies Malaysia Sdn Bhd which is based in Malaysia (operations transferred from Protran Pty Ltd during year of 2013/2014 and which manufactures electronic components for a number of industries.

#### **Industrial Power Supplies (Electricity generation/distribution and telecommunication)**

This is Rectifier Technologies Pacific Pty Ltd and Rectifier Technologies Malaysia Sdn Bhd. These businesses manufacture and distribute rectifiers and controllers for the electricity generation, distribution industries and telecommunication.

#### **Industrial Power Supplies (Transport)**

This is Rectifier Technologies (UK) Ltd which manufactures and distributes power supplies for the transport industries. It has been disposed on 31<sup>st</sup> of March 2014, and is classified as a discontinued operation in the financial statement.

#### **Segment information**

Segment result shown in the segment information is measured as EBITDA prior to impairment expense. Segment information provided to the executive management committee for the half-year ended 31 December 2014, is as follows:

**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 3: SEGMENT INFORMATION**

<b>Half-year ended 31 December 2014</b>	<b>Electronic Components \$</b>	<b>Industrial Power Supplies (E/D&amp;T) \$</b>	<b>Industrial Power Supplies (T) \$</b>	<b>Total \$</b>
Total segment revenue	167,244	3,151,210	-	3,318,454
Inter-segment revenue	(24,277)	(609,596)	-	(633,873)
Revenue from external customers	142,967	2,541,614	-	2,684,581
Segment Result	21,358	405,793	-	427,151

<b>Half-year ended 31 December 2013</b>	<b>Electronic Components \$</b>	<b>Industrial Power Supplies (E&amp;D) \$</b>	<b>Industrial Power Supplies (T) \$</b>	<b>Total \$</b>
Total segment revenue	15,456	2,529,122	1,452,298	3,996,876
Inter-segment revenue	(5,463)	(587,350)	(33,271)	(626,084)
Revenue from external customers	9,993	1,941,772	1,419,027	3,370,792
Segment Result	(49,009)	70,061	385,807	406,859

**Total segment assets**

31 December 2014	354,227	6,730,316	-	7,084,543
30 June 2014	11,601	7,364,691	-	7,376,292

# Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### NOTE 3: SEGMENT INFORMATION

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

	Consolidated	
	2014	2013
	\$	\$
<b>Segment Result</b>	<b>427,151</b>	<b>21,052</b>
Corporate Cost (excluding finance, depreciation and amortisation expense)	(276,241)	(164,965)
Interest / Finance costs	(13,481)	(20,627)
Depreciation	(20,755)	(17,395)
<b>Profit/(Loss) before income tax from continuing operations</b>	<b>116,674</b>	<b>(181,935)</b>

### NOTE 4: CONTINGENT LIABILITIES

There are no contingent liabilities or contingent assets at 31 December 2014.

### NOTE 5: CONTRIBUTED EQUITY

	31 December 2014	31 December 2013
	\$	\$
Opening balance 1 July	37,439,430	37,379,430
Shares issued	342,300	60,000
Closing balance 31 December	<u>37,781,730</u>	<u>37,439,430</u>
	Number	Number
Opening balance 1 July	1,093,711,104	1,073,711,104
Shares issued	68,460,000	20,000,000
Closing balance 31 December	<u>1,162,171,104</u>	<u>1,093,711,104</u>

### NOTE 6: EVENTS SUBSEQUENT TO BALANCE DATE

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

**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

(a) in the directors' opinion, the financial statements and notes for the half-year ended 31 December 2014 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and its performance for the six-month period ended on that date; and

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

(b) in the directors' opinion, and as referred to in Note 1(c), there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



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Yanbin Wang

Director

Melbourne

Dated this 27<sup>th</sup> day of February, 2015

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## **Independent Auditor's Review Report To the Members of Rectifier Technologies Limited**

We have reviewed the accompanying half-year financial report of Rectifier Technologies Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

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

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Rectifier Technologies Limited consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Rectifier Technologies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**

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

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rectifier Technologies Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**Material uncertainty regarding going concern**

Without qualifying our opinion, we draw attention to Note 1(c) to the financial statements, which indicates the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the half-year report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adrian Nathanielsz  
Partner - Audit & Assurance

Melbourne, 27 February 2015