RECTIFIER TECHNOLOGIES LTD

ABN: 82 058 010 692

ANNUAL REPORT
2015

COMPANY PARTICULARS

BOARD OF DIRECTORS
Mr. Ying Ming Wang
Mr. Yanbin Wang
Mr. Tino Vescovi

SECRETARY
Mr. Justyn Stedwell

REGISTERED AND BUSINESS OFFICE
Rectifier Technologies Ltd
24 Harker Street
BURWOOD, VIC 3125
Telephone: + 61 3 9896 7550
Facsimile: + 61 3 9896 7566

MANUFACTURING FACILITY- MALAYSIA
Rectifier Technologies(M) Sdn Bhd
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MALAYSIA
Telephone: + 60 7 532 1000
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SHARE REGISTRY
Computershare Investor Services Pty Ltd
452 Johnston Street
ABBOTSFORD, VIC 3067
Telephone: 1300 137 328

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

AUDITORS
Grant Thornton Audit Pty Ltd
525 Collins Street
MELBOURNE, VIC 3000

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CHAIRMAN'S REPORT

Financial Results

The net profit for the year to June 2015 went down to $127,484 on revenue of $6,602,663 from continuing operations, compared with a net profit of $238,418 on revenue of $5,890,549 in the previous year from continuing operations. This was impacted by a once off warranty expense claim. There were no other outstanding liabilities relating to this warranty claim.

The higher overall sales in 2014/2015 was due to sales increases across the board, both domestically and offshore, as a result of RT's global expansion in the mainstream market of utilities, oil and gas, defence, scientific instruments and emerging market of electrical vehicle charging.

Other income such as the R&D tax rebate, product licensing and technical support services also contributed to the higher overall revenue in 2014/2015.

Gross Margin from continuing operations had decreased from 52% in 2014 to 46% in 2015, as a reflection of general inflation in both labour cost and raw materials purchasing.

	($'000')	
	2015	**2014**
Revenue from continuing operations	6,603	5,891
Gross Profit	2,454	2,507
Gross Margin %	46%	52%
Profit/(loss) from continuing operations before tax	147	267
Income Tax Benefit/ (Expense)	(20)	(28)
Profit/(loss) from continuing operations after tax	127	239
Profit/(loss) from discontinued operations after tax	-	337
Net Profit/(Loss)	127	576

Funding

Early in the year to 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. The interest bearing loan has been settled in 2015. At 30 June 2015, the outstanding balance owing on this loan to Pudu Investments was nil.

In addition to this loan, there were director loans to the parent company totalling $889,296 in the previous reporting period, but the loan balance was reduced by two payments conducted in November 2014 and April 2015; subsequently loan conversion of shares issued on 30 June 2015, further reduced the loan balance. As at 30 June 2015, the current loans were $573,473. As a result of the Pudu Investments agreement of April 2010 these loans were no longer interest bearing from 7 April 2010 and are not repayable until the later of 4 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.

Going Concern

The financial statements for 30 June 2015 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.

Outlook

The day to day operations continue to be very challenging, although the significant improvement in financial performance in the past two years. The Group continues to improve in its presence of the current market segments for both domestic and internationally, the Company will particularly be looking for future sales increase from China and the emerging market of electrical vehicle charging and renewable energy technologies.

On behalf of the Board,

Ying Ming Wang
Chairman
Dated this 30th day of September 2015

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2015.

Directors

The names of directors in office at any time during or since the end of the year are:

Mr. Ying Ming Wang

Mr. Yanbin Wang

Mr. Tino Vescovi

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr. Justyn Stedwell was appointed as Company Secretary on 31 July 2014. He is a professional Company Secretary with over 7 years experience as a Company Secretary of ASX listed companies. Mr Stedwell holds Bachelor of Commerce from Monash University.

Principal Activities

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

Operating Results

The consolidated profit of the group after providing for income tax amounted to $127,484 (2014: $575,674).

Review of Operations, Financial Position and Business Strategies

Specific information on the review of operations, financial position and business strategies are contained in the Chairman's Report.

Likely Developments

Information on likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years are contained in the Chairman's Report.

Dividends Paid or Recommended

No dividend was paid or recommended during the financial year.

Significant Changes in State of Affairs

There are no other significant changes in the state of affairs of the consolidated group other than these referred to under the heading "Likely Developments".

Matters subsequent to the end of the financial year

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' REPORT

Environmental Issues

The consolidated entity's operations are not subject to significant environmental regulation under the law of the Commonwealth or of a State.

Information on Directors

Mr. Ying Ming Wang	**-**	Director (Non-executive)
Qualification	-	Ph. D in Science
Experience	-	Board Member since June 2006
Interest in Shares and Options	-	213,000,000 Ordinary Shares of Rectifier Technologies Ltd
Mr. Yanbin Wang	**-**	Director and CEO
Qualifications	-	Master of Law and Ph. D in International Relations
Experience	-	Board Member since August 2010
Interest in Shares and Options	-	40,000,000 Ordinary Shares of Rectifier Technologies Ltd
Mr. Tino Vescovi	**-**	Director (Non-executive)
Qualifications	-	Master of Science, Bachelor of Science
Experience	-	Board member 2003-2010 and from 30 October 2012
Interest in Shares and Options	-	17,837,464 Ordinary Shares, and 7,040,000 unlisted options exercisable at 2c each

Audited Remuneration Report

This report details the nature and amount of remuneration for each director of Rectifier Technologies Ltd and other key management personnel. The Remuneration Report is audited.

Remuneration Policy

The remuneration policy of Rectifier Technologies Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results. The Board of Rectifier Technologies Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated entity, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the consolidated entity is as follows:

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the consolidated entity's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board has discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.

The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives and Key management personnel are also entitled to participate in the share option arrangements.

The executive directors and key management personnel receive a superannuation guarantee contribution required by the Government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Should shares be given to directors or executives, they would be valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using an appropriate methodology.

DIRECTORS' REPORT

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

Performance Based 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 group 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 group 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 group'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 group, management reports which form the foundation for the group audited results are used.

Names and positions held of Directors and Key Management Personnel of the Group in office at any time during the financial year are:

Directors

Mr. Ying Ming Wang	Chairman – Non-Executive
Mr. Yanbin Wang	Director – Executive and Chief Executive Officer
Mr. Tino Vescovi	Director – Non-Executive

Other Key Management Personnel

Mr. P. Davis	Operations Manager – Rectifier Technologies Pacific Pty Ltd
Mr. SB. Lee	General Manager – Rectifier Technologies (M) Sdn Bhd

Mr. Wang Yanbin was the only executive of the parent entity in 2014 and 2015.

DIRECTORS' REPORT

Key Management Personnel Compensation Consolidated Entity

2015	Short-term employee benefits			Long-term employee benefits	Post-employment benefits		Share-based payment	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Long Service Leave	Super-Annuation	Retirement benefits	Shares	Total
Name	$	$	$	$	$	$	$	$
Parent Entity Directors								
Mr. Ying Ming Wang	-	-	-	-	-	-	-	-
Mr. Yanbin Wang (CEO)	230,571	-	28,580	-	-	-	-	259,151
Mr. Tino Vescovi	-	-	-	-	-	-	-	-
Other Key Management Personnel								
Subsidiary Entities								
Mr. Paul Davis	111,514	-	-	2,093	23,040	-	-	136,647
Mr. Seong Bow Lee	62,538	9,240	-	-	7,488	610	-	79,876
Total	404,623	9,240	28,580	2,093	30,528	610	-	475,674

In 2015, 14.77% of Seong Bow Lee's remuneration was performance based.

2014	Short-term employee benefits			Long-term employee benefits	Post-employment benefits		Share-based payment	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Long Service Leave	Super-Annuation	Retirement benefits	Shares	Total
Name	$	$	$	$	$	$	$	$
Parent Entity Directors								
Mr. Ying Ming Wang	3,564	-	-	-	-	-	-	3,564
Mr. Yanbin Wang (CEO)	207,478	-	3,246	-	-	-	60,000	270,724
Mr. Tino Vescovi	1,635	-	-	-	-	-	-	1,635
Other Key Management Personnel								
Subsidiary Entities								
Mr. Paul Davis	119,065	-	-	2,653	13,083	-	-	134,801
Mr. Seong Bow Lee	56,276	-	-	-	6,753	209	-	63,238
Total	388,018	-	3,246	2,653	19,836	209	60,000	473,962

DIRECTORS' REPORT

Key Management Personnel Compensation Consolidated Entity

Options and Rights Holdings

Number of share options of Rectifier Technologies Ltd held by Key Management Personnel in the parent and consolidated entity are as follows:

2015	Balance 1.7.14	Options Exercised	Net Change Other	Balance 30.6.15	Total Vested 30.6.15	Total Vested & Exercisable	Total Vested & Unexercisable
Parent Entity Directors							
Mr. Ying Ming Wang	-	-	-	-	-	-	-
Mr. Yanbin Wang	-	-	-	-	-	-	-
Mr. Tino Vescovi	7,040,000	-	-	7,040,000	7,040,000	7,040,000	-
Other Key Management Personnel of the Group							
Subsidiary Entities							
Mr. P. Davis	-	-	-	-	-	-	-
Mr. SB. Lee	-	-	-	-	-	-	-
Total	7,040,000	-	-	7,040,000	7,040,000	7,040,000	-

Number of share options of Rectifier Technologies Ltd held by Key Management Personnel in the parent and consolidated entity are as follows:

2014	Balance 1.7.13	Options Exercised	Net Change Other	Balance 30.6.14	Total Vested 30.6.14	Total Vested & Exercisable	Total Vested & Unexercisable
Parent Entity Directors							
Mr. Ying Ming Wang	-	-	-	-	-	-	-
Mr. Yanbin Wang	-	-	-	-	-	-	-
Mr. Tino Vescovi	7,040,000	-	-	7,040,000	7,040,000	7,040,000	-
Other Key Management Personnel of the Group							
Subsidiary Entities							
Mr. P. Davis	-	-	-	-	-	-	-
Mr. SB. Lee	-	-	-	-	-	-	-
Total	7,040,000	-	-	7,040,000	7,040,000	7,040,000	-

DIRECTORS' REPORT

Key Management Personnel Compensation Consolidated Entity

Shareholdings

2015

Number of Shares held by Parent Entity Directors and Other Key Management Personnel in Rectifier Technologies Ltd.

	Balance 1.7.14	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.6.15
Parent Entity Directors					
Mr. Ying Ming Wang	213,000,000	-	-	-	213,000,000
Mr. Yanbin Wang	40,000,000	-	-	-	40,000,000
Mr. Tino Vescovi	17,837,464	-	-	-	17,837,464
Other Key Management					
Personnel of the Group					
Subsidiary Entities					
Mr. P. Davis	-	-	-	-	-
Mr. SB. Lee	2,767,550	-	-	-	2,767,550
Total	273,605,014	-	-	-	273,605,014

2014

Number of Shares held by Parent Entity Directors and Other Key Management Personnel in Rectifier Technologies Ltd.

	Balance 1.7.13	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.6.14
Parent Entity Directors					
Mr. Ying Ming Wang	552,975,136	-	-	(339,975,136)	213,000,000
Mr. Yanbin Wang	20,000,000	20,000,000	-	-	40,000,000
Mr. Tino Vescovi	17,837,464	-	-	-	17,837,464
Other Key Management Personnel					
Personnel of the Group	-	-	-	-	-
Subsidiary Entities	-	-	-	-	-
Mr. P. Davis	-	-	-	-	-
Mr. SB. Lee	2,767,550	-	-	-	2,767,550
Total	593,580,150	20,000,000	-	(339,975,136)	273,605,014

DIRECTORS' REPORT

Shares granted as remuneration

As per the ASX announcement made on 22 November 2013, a company associated with Mr Yanbin Wang was granted 20m shares. As per his Letter of Engagement dated September 2010, he accepted below market cash remuneration which was topped up in the first year of his engagement by the issue of 20m shares as approved at the 2011 AGM. This additional issue of 20m shares is to compensate for his continued below market remuneration in 2011-2012 financial year and was approved at the 2013 AGM. The granting of the 20m shares was not dependent on any performance conditions and is considered to be part of Mr Wang's total remuneration.

Remuneration Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company or group. The contracts for service between the company and specified directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement specified directors and executives are paid employee benefit entitlements accrued to date of retirement. Any options issued as remuneration under the Company's Share Option Plan not exercised before or on the date of termination lapse.

The service contracts stipulate a range of one to three month resignation periods. The company may terminate an employment contract without cause by providing up to 3 months written notice or making payment in lieu of notice, based on the individual's annual salary component together with an appropriate redundancy payment, depending on the individual contract terms. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time. Any options not exercised before or on the date of termination will lapse.

The commentary above should be read in conjunction with the information provided in the Directors' Report under Remuneration Policy.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. There have been two methods applied in achieving this aim, the first being a performance based bonus which is based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy to be the most effective manner to increase shareholder wealth.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years. The profit in 2011 resulted from higher sales and margins but unfortunately because of weaker sales, the result could not be maintained in 2012. The loss in 2013 resulted from lower sales and cost of restructuring the Australian business. The significant improvement in net profit in 2014 was due to the increase in sales, the lower cost of production offshore and R&D tax rebate. The lower profit in 2015 as result of a once off warranty expense claim diluted profit and discontinued RTUK no longer contributed profit to the group in 2015 as it had in 2014.

	2011	2012	2013	2014	2015
Revenue ($'000) (Including discontinued operation)	9,954	9,082	6,860	8,039	6,602
Net Profit/(Loss) ($'000)	145	5	(760)	576	128
Share Price at Year-end (cents)	0.1	0.1	0.1	0.3	0.7
Change in Share Price (cents)	(0.1)	-	-	0.2	0.5
Dividends Paid	-	-	-	-	-

Options Issued as Part of Remuneration

Options may be issued to executives as part of their remuneration. Such options are generally not issued based on performance criteria, but are issued to increase goal congruence between executives, directors and shareholders through the linkage between remuneration and increasing shareholder value.

Employment Contracts of Directors and Senior Executives

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.

END OF REMUNERATION REPORT

DIRECTORS' REPORT

Meetings of Directors

During the financial year, 3 meetings of directors and 2 audit committee meetings were held. Attendances were:

	DIRECTORS' MEETINGS		AUDIT COMMITTEE	
	Number eligible to attend	**Number Attended**	**Number eligible to attend**	**Number Attended**
Mr. Ying Ming Wang	3	3	2	2
Mr Yanbin Wang	3	3	2	2
Mr. Tino Vesovi	3	3	2	2

Indemnifying Officers or Auditor

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 $3,968 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.

Options

At the date of this report, the unissued ordinary shares of Rectifier Technologies Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
June 2003	No expiry date	2.0¢ per share	13,280,000
November 2003	No expiry date	2.0¢ per share	10,120,000
			23,400,000

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

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervened in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The board of directors, in accordance with advice from the audit committee, review the provision of non-audit services during the year to ensure that they are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors satisfy themselves that the services do not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board.

Details of the amounts paid to the auditors of the Company, Grant Thornton Audit Pty Ltd, and its related practices for audit and non-audit services provided during the year are set out in Note 9 to the financial statements.

DIRECTORS' REPORT

Auditors Independence Declaration

A copy of the auditors independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Board of Directors.

……………………………………..

Mr. Yanbin Wang

Director

Melbourne

Dated this 30th day of September 2015

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Melbourne Victoria 3000

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Auditor's Independence Declaration

To the Directors of Rectifier Technologies

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Rectifier Technologies for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 30 September 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Entity 2015 $	2014 $
Revenue	3	5,646,877	5,273,525
Other income	3	955,785	617,024
Changes in inventories of finished goods and work in progress		468,700	(221,612)
Raw materials and consumables used		(2,630,038)	(1,507,588)
Employee benefits expense		(2,960,675)	(2,719,308)
Depreciation expense	4	(43,070)	(37,602)
Finance costs	4	(28,455)	(35,417)
Other expenses		(1,262,023)	(1,102,539)
Profit/(Loss) before income tax expense		147,101	266,483
Income tax expense	5	(19,617)	(28,065)
Profit from continuing operations after income tax		127,484	238,418
Profit from discontinued operations after income tax	7	-	337,256
Net profit after income tax attributable to owners of Rectifier Technologies Limited		127,484	575,674
Other comprehensive income			
Foreign currency translation differences		62,450	218,521
Income tax on items of other comprehensive income		-	-
Total other comprehensive income for the year		62,450	218,521
Total comprehensive income for the year		189,934	794,195
Basic earnings per share (cents per share):			
Earnings from continuing operations	10	0.01	0.02
Earnings from discontinued operations	10	-	0.03
Total		0.01	0.05
Diluted earnings per share (cents per share):			
Earnings from continuing operations	10	0.01	0.02
Earnings from discontinued operations	10	-	0.03
Total		0.01	0.05

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	Consolidated Entity 2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	11	958,252	175,675
Trade and other receivables	12	1,211,464	1,821,009
Inventories	13	2,157,901	1,602,347
TOTAL CURRENT ASSETS		4,327,617	3,599,031
NON-CURRENT ASSETS			
Trade and other receivables	12	112,892	111,602
Property, plant and equipment	15	200,021	178,730
Deferred tax assets		3,967	
TOTAL NON-CURRENT ASSETS		316,880	290,332
TOTAL ASSETS		4,644.497	3,889,363
CURRENT LIABILITIES			
Trade and other payables	16	2,623,570	2,394,921
Deferred revenue		-	87,000
Interest bearing liabilities	17	11,228	259,633
Provisions	19	244,903	215,858
Current tax liability		27,173	28,399
TOTAL CURRENT LIABILITIES		2,906,874	2,985,811
NON-CURRENT LIABILITIES			
Interest bearing liabilities	17	30,858	39,553
Provisions	19	32,096	24,757
Deferred tax liability		-	3,660
TOTAL NON-CURRENT LIABILITIES		62,954	67,970
TOTAL LIABILITIES		2,969,828	3,053,781
NET ASSETS		1,674,669	835,582
EQUITY			
Contributed equity	20	38,088,584	37,439,430
Reserves		174,633	112,184
Accumulated losses		(36,588,548)	(36,716,032)
TOTAL EQUITY		1,674,669	835,582

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Entity	
		2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,303,698	6,353,507
Payments to suppliers and employees		(5,692,552)	(7,084,716)
Interest received		32	44
Finance costs		(324,183)	(17,855)
Net cash from continuing operations		1,286,995	(749,020)
Net cash from discontinued operations		-	49,890
Net cash provided by/(used in) operating activities	24	1,286,995	(699,130)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(65,163)	(76,092)
Proceeds from sales of property, plant and equipment		2,927	17,387
Proceeds from sales of subsidiaries, net of cash	7	-	928,936
Net cash from continuing operations		(62,236)	870,231
Net cash from discontinued operations		-	(5,574)
Net cash provided by/(used in) investing activities		(62,236)	864,657
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	160,207
Repayment of borrowings		(423,599)	(222,123)
Net cash from continuing operations		(423,599)	(61,916)
Net cash from discontinued operations		-	(64,546)
Net cash used in financing activities		(423,599)	(126,462)
Net increase in cash held		801,160	39,065
Cash and cash equivalents at beginning of the year		175,675	104,777
Effect of exchange rates on cash holdings in foreign currencies		(18,583)	31,833
Cash and cash equivalents at end of the year	11	958,252	175,675

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

Consolidated Entity	$	$	$	$
	Share Capital	**Accumulated Losses**	**Foreign Currency Translation Reserve**	**Total**
Balance at 1.7.2013	37,379,430	(37,291,706)	(106,337)	(18,613)
Total comprehensive income for the year	-	575,674	218,521	794,195
Transactions with owners in their capacity as owners:				
Shares issued	60,000	-	-	60,000
Balance at 30.06.2014	37,439,430	(36,716,032)	112,184	835,582
Balance at 1.7.2014	37,439,430	(36,716,032)	112,184	835,582
Total comprehensive income for the year	-	127,484	62,450	189,934
Transactions with owners in their capacity as owners:				
Shares issued	649,153	-	-	649,153
Balance at 30.06.2015	38,088,583	(36,588,548)	174,634	1,674,669

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: Corporate information

The financial statements of Rectifier Technologies Limited for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 30 September 2015 and covers the consolidated entity consisting of Rectifier Technologies Limited and its subsidiaries as required by the Corporations Act 2001.

The financial report is presented in Australian dollars, unless otherwise noted.

Rectifier Technologies Limited is a company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Stock Exchange.

The address of the registered office and principal place of business is 24 Harker Street, Burwood, Vic 3125, Australia.

NOTE 2: Summary of significant accounting policies

a. Basis of preparation

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Rectifier Technologies Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS as adopted in Australia ensures that the financial statements and notes of the consolidated entity comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost basis, except for available-for-sale financial assets that have been measured at fair value.

b. Basis of Consolidation

Subsidiaries

The Group financial statements consolidate those of the Rectifier Technologies Limited and all of its subsidiaries as of 30 June 2015. Rectifier Technologies Limited controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Subsidiaries are accounted for at cost by the parent entity and are included in the balances disclosed in note 28.

c. Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

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

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: Summary of significant accounting policies (Cont'd)

c. Income Tax (Cont'd)

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity, respectively.

Tax Consolidation

Rectifier Technologies Limited and its Australian wholly-owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. Rectifier Technologies Limited is the head entity in the tax consolidated group. The separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated group. Rectifier Technologies Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly-owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current intercompany receivables or payables (refer note 26).

d. Inventories

Raw materials, Work in Progress and Finished goods

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and selling expenses.

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Historical costs include costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	10%
Plant and equipment	20-40%
Leased plant and equipment	20-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: Summary of significant accounting policies (Cont'd)

f. Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

g. Intangibles

Research and development

Under AASB 138 Intangible Assets, costs associated with the research phase of the development of an asset must be expensed in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure capitalised comprises cost of materials, services, direct labour and an appropriate portion of overheads. Other development costs are expensed when they are incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and any impairment losses and amortised over the period of expected future sales from the related projects. The carrying value of development costs is reviewed annually when the asset is not yet available for use, or when events or circumstances indicate that the carrying value may be impaired.

h. Impairment of Assets

At the end of each reporting period, the group assesses whether there is any indication that individual assets have been impaired.

Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: Summary of significant accounting policies (Cont'd)

i. Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments revaluation reserve). Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income, is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income. On sale the amount held in available for sale reserves associated with that asset is recognised in profit or loss.

Investments in subsidiaries, associates and joint venture entities are accounted for in the consolidated financial statements as described in note 1(b) and in the parent entity financial information at cost in accordance with the cost alternative permitted in separate financial statements under AASB 127 *Consolidated and Separate Financial Statements*.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through profit or loss. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through profit or loss where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in profit or loss.

The fair value of quoted investments are determined by reference to Stock Exchange quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Loans and receivables

Non-current loans and receivables include loans due from related parties repayable within 365 days of end of reporting period. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is debited on initial recognition to the investment account.

Impairment losses are measured as the difference between the investment's carrying amount and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the investment's original effective interest rate. Impairment losses are recognised in profit or loss.

j. Foreign Currency Transactions and Balances

The functional and presentation currency of Rectifier Technologies Limited and its Australian subsidiaries is Australian Dollars ($AUD).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: Summary of significant accounting policies (Cont'd)

j. Foreign Currency Transactions and Balances (Cont'd)

The functional currency of the overseas subsidiaries is the Malaysian Ringgit and the US dollars. At the end of the reporting period, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Rectifier Technologies Limited at the closing rate at the end of the reporting period and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation is recognised in profit or loss.

k. Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave are recognised when it is probable that settlement will be required and the liability is capable of being measured reliably. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

l. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

m. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits held at call, net of any bank overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash, which are not subject to insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

n. Trade receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts more than 90 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision. From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the derecognition of the original instrument.

Trade receivable are recognised gross of any debtor financing facility used.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: Summary of significant accounting policies (Cont'd)

o. Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Revenue from product licensing is recognised on the transfer of intellectual property in accordance with contractual obligations.

Royalties are recognised on an accrual basis in accordance with the substance of the agreement.

Dividends are recognised when the right to receive payment is established.

Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset. All revenue is stated net of the amount of goods and services tax (GST).

R&D rebates are recognised on an accrual basis as other income once the amount can be reliably estimated.

p. Trade and other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

q. Interest-bearing liabilities

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

r. Borrowing Costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed when incurred.

s. Goods and Services Tax (GST)

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

t. New accounting standards and interpretations

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory as at 30 June 2015. They may impact the Group in the period of initial application. They are available for early adoption, but have not been applied in preparing these financial statements:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: Summary of significant accounting policies (Cont'd)

t. New accounting standards and interpretations (Cont'd)

AASB 9: Financial Instruments (December 2010)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and

The remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

Adoption of AASB 9 is only mandatory for the 30 June 2018 year end.

This standard is not expected to have a significant impact on the Group.

AASB 2014-1 Amendments to Australian Accounting Standards

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

(a) clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and

(b) amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Adoption of this standard is mandatory for the 30 June 2015 year end.

This standard is expected to result in some minor disclosure changes for the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: Summary of significant accounting policies (Cont'd)

t. New accounting standards and interpretations (Cont'd)

AASB 10 Consolidated Financial Statements

AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements and AASB Interpretation 112 Consolidation – Special Purpose Entities.

The revised control model broadens the situations when an entity is considered to be controlled by another entity and includes additional guidance for applying the model to specific situations, including when acting as an agent may give control, the impact of potential voting rights and when holding less than a majority voting rights may give 'de facto' control.

When this standard is first adopted for the year ending 30 June 2015, there will be no material impact on the transactions and balances recognised in the financial statements. It will however need to be considered in relation to any new acquisitions of, or arrangements with, other companies.

u. Fair values

Fair values may be used for financial asset and liability measurement and as well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of reporting period. The quoted market price for financial assets is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at the end of reporting period. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

v. Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The company's ordinary shares are classified as equity instruments. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

w. Share-based payments

Share-based compensation benefits are provided to employees via the Rectifier Technologies Limited Employee Option Plan and an employee share scheme.

The fair value of options granted under the Rectifier Technologies Limited Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using the Monte-Carlo Simulation 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: Summary of significant accounting policies (Cont'd)

w. Share-based payments (Cont'd)

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

Under the employee share scheme, shares issued to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

x. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The consolidated entity makes certain judgements and assumptions concerning the future. These estimates and assumptions have an inherent risk in respect of estimates based on future events which could have a material impact on the assets and liabilities in the next financial year are outlined below:

1. Provision for stock obsolescence

The Group calculates the provision for stock obsolescence based on slow-moving inventory on hand for more than 24 months.

2. R & D tax rebate

The Group has recognised the R&D rebate relating to the 2015 year on an accrual basis. As the return has not yet been submitted, the Group has made an estimate of the likely refund amount based on past history of successful claims.

3. Taxation

The Group has significant transactions between the Australian and Malaysian subsidiary and significant judgment involved in determining the transfer price of goods and services exchanged. Management believe the prices exchange are determined on a fair and reasonable basis and reflect an appropriate basis under the tax legislation of Australia and Malaysia.

y. Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to members of Rectifier Technologies Limited, adjusted for the after-tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year. The weighted average number of issued shares outstanding during the financial year does not include shares issued as part of the Employee Share Loan Plan that are treated as in-substance options.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

z. Going Concern

The financial statements for 30 June 2015 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Entity 2015 $	Consolidated Entity 2014 $
Revenue		
– sale of goods	5,338,335	4,781,465
– licensing/royalties	147,000	361,819
– interest received	474	63
– sundry income	161,068	130,178
	5,646,877	5,273,525
Other income		
– R&D Tax Rebate	955,785	617,024
	955,785	617,024

NOTE 4: PROFIT FROM CONTINUING ACTIVITIES

	Consolidated Entity 2015 $	Consolidated Entity 2014 $
Profit / (loss) before income tax has been determined after the following expenses:		
Cost of sales	2,884,320	2,636,205
Finance costs:		
– directors and director-related entities	25,562	21,734
– other persons	2,893	13,683
Total finance costs	28,455	35,417
Depreciation of non-current assets:		
– plant and equipment	31,024	29,621
– leasehold improvements	18	104
– motor vehicle	12,028	7,877
Total depreciation	43,070	37,602
Rental expense on operating leases - minimum lease payments	134,638	106,058
Personnel Expenses		
– defined contributions superannuation	272,142	259,871
– equity – settled share based payment transactions	-	60,000
	272,142	319,871
Research and development costs expensed	1,222,214	340,113
Profit/ (loss) on disposal of property, plant and equipment	22,379	1,107
Impairment of inventory	66,626	54,128

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5: INCOME TAX EXPENSE

	Consolidated Entity	
	2015 $	2014 $
Current tax	27,243	29,077
Deferred tax	(7,626)	(1,012)
	19,617	28,065
Reconciliation of the effective tax rate		
The prima facie tax on profit/ (loss) before income tax is reconciled to the income tax expense as follows:		
Profit / (loss) before income tax	147,101	710,364
Prima facie tax payable on profit/ (loss) before income tax at 30% (2013: 30%)		
– consolidated entity	44,130	213,109
Add: Tax effect of:		
– Other non-allowable items	412,596	258,911
– Other timing differences	150,576	(123,468)
	607,302	348,552
Less Tax effect of:		
– Other non-assessable items	(112,184)	(372,219)
– Prior year tax over provision	-	-
– Utilisation of unabsorbed losses carried forward	(24,938)	(211,611)
– Utilisation of current year capital allowances	(2,051)	(1,051)
– Non-assessable non-exempt dividend from subsidiaries	-	-
– Other tax offset received	(179,346)	(127,496)
– Effect of lower rates of tax on overseas income	(6,262)	(78,122)
	282,521	(441,947)
Tax effect of carry-forward tax losses not previously bought to account	(262,905)	-
Deferred tax liabilities and assets not brought to account	-	470,012
Income tax attributable to entity	19,617	28,065
Reconciliation to continuing / discontinued operations		
Consolidated profit before income tax	147,101	710,364
Less profit before tax relating to discontinued operations	-	(443,881)
Profit before income tax from continuing operations	147,101	266,483
Consolidated income tax expense	19,617	134,691
Less income tax expense relating to discontinued operations	-	(106,626)
Income tax expense from continuing operations	19,617	28,065

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 5: INCOME TAX EXPENSE (Cont'd)

	Consolidated Entity	
	2015	**2014**
	$	**$**
Unrecognised deferred tax assets		
Unused capital losses for which no deferred tax asset recognised relating to the Australian entities in the tax consolidated group	18,409,594	18,409,594
Unused capital losses for which no deferred tax asset recognised relating to the overseas subsidiaries	-	-
	18,409,594	18,409,594
Unused revenue losses for which no deferred tax asset recognised relating to the Australian entities in the tax consolidation group	3,769,079	6,882,883
Unused revenue losses for which no deferred tax asset recognised relating to the overseas subsidiaries	-	-
	3,769,079	6,882,883
Potential tax benefit at applicable tax rates	6,653,602	7,587,743

Deferred tax assets have not been recognised in the statement of financial position for the following items:

Unused capital losses	18,409,594	18,409,594
Unused tax losses	3,769,079	6,882,883
Deductible temporary differences	5,810,813	5,435,378
	27,989,486	30,727,855
Potential tax benefit at applicable tax rates	8,396,646	9,218,357

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the group can utilise the benefits there from.

NOTE 6: DIVIDENDS

No dividends declared or paid during the year ended 30 June 2015. The amounts of franking credits available for subsequent reporting periods are:

	Consolidated Entity	
	2015	**2014**
	$	**$**
Opening balance of franking account	(138,177)	283,981
Deferred debit that will arise from the receipt of the R&D tax offset from prior year	(597,821)	(422,158)
Balance of franking account at year end	-	-
Deferred debit balance of franking account at the end of the reporting period	(735,998)	(138,177)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 7: DISCONTINUED OPERATIONS

On 31 March 2014, the Group disposed of its 100% equity interest in its subsidiary, Rectifier Technologies Ltd ("RTUK").

This decision was taken in line with the Group's strategy to focus on RT group of mainstream markets such as data centres, electrical vehicle charging, utilities, oil and gas and some military applications. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (see profit for the year from discontinued operations).

The subsidiary was sold for a total of $1,142,247 in cash resulting in a loss of $22,642 before tax. Operating profit of RTUK until the date of disposal is summarised as follows:

	2015 $	2014 $
Revenue	-	2,148,877
Costs of material	-	(970,189)
Employee benefits expense	-	(511,369)
Depreciation and amortisation	-	(16,198)
Other expenses	-	(183,683)
Operating profit	-	467,438
Finance costs	-	(23,556)
Profit from discontinued operations before tax	-	443,882
Tax expense	-	(106,626)
Profit for year	-	337,256

Cash flows generated by RTUK for the reporting periods under review until the disposal are as follows:

	2015 $	2014 $
Operating activities	-	49,890
Investing activities	-	(5,574)
Financing activities	-	(64,546)
Effect of exchange rate on cash holding in foreign currencies	-	9,019
Cash flows from discontinued operations	-	(11,211)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 7: DISCONTINUED OPERATIONS (Cont'd)

The consideration was received in 2014. At the date of disposal, the carrying amounts of RTUK's net assets were as follows:

	$
Inventories	935,216
Cash and cash equivalents	68,280
Trade and other receivables	682,909
Total current assets	1,686,405
Property, plant and equipment	55,971
Total non-current assets	55,971
Provisions	99,506
Trade and other payables	467,828
Total current liabilities	567,334
Deferred tax liability	10,153
Total non-current liabilities	10,153
Total net assets	1,164,889
Total consideration received	1,142,247
Cash and cash equivalents on disposal of RTUK	(68,280)
Deferred consideration receivable	(145,031)
Total consideration received in cash	928,936
Net cash received	928,936
Loss on disposal	(22,642)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 8: KEY MANAGEMENT PERSONNEL

a. Names and positions held of Parent Entity Directors and other Key Management Personnel in office at any time during the financial year are:

Parent Entity Directors

Mr. Ying Ming Wang	Chairman – Non-Executive
Mr. Yanbin Wang	Executive Director & Chief Executive Officer
Mr. Tino Vescovi	Director – Non-Executive

Other Key Management Personnel

Mr. P. Davis	Operations Manager – Rectifier Technologies Pacific Pty Ltd
Mr. SB. Lee	General Manager – Rectifier Technologies (M) Sdn Bhd

	Consolidated Entity	
	2015	**2014**
	$	**$**
b. Key Management Personnel Compensation		
Short-term employee benefits	442,443	391,264
Long-term employee benefits	2,093	2,653
Post-employment benefits	31,138	20,045
Share-based payments	-	60,000
	475,674	473,962

Transactions with Parent Entity Directors and other Key Management Personnel:

Disclosures relating to other transactions and balances between the consolidated entity and parent entity directors and other key management personnel are set out in Note 26.

NOTE 9: AUDITORS REMUNERATION

	Consolidated Entity	
	2015	**2014**
	$	**$**
Audit and review services		
Grant Thornton Audit Pty Ltd - Audit and review of financial reports	46,000	58,267
Other audit firms (non Grant Thornton) – Audit and review of other entities in the Group	6,258	34,677
Total remuneration for audit services	52,258	92,944

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10: EARNINGS PER SHARE

	Consolidated Entity 2015 $	Consolidated Entity 2014 $
a. Reconciliation of earnings used to calculating earnings per share		
Profit/(Loss) from continuing operation attributable to the ordinary equity holders used in the calculation of basic and dilutive earnings per share	127,484	238,418
Profit/(Loss) from discontinued operation attributable to the ordinary equity holders used in the calculation of basic and dilutive earnings per share	-	337,256
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	1,213,313,254	1,085,377,771
Adjustments for calculations of diluted earnings per share:		
Options	23,400,000	23,400,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,236,713,254	1,108,777,771

NOTE 11: CASH AND CASH EQUIVALENTS

	Consolidated Entity 2015 $	Consolidated Entity 2014 $
Cash at bank	958,252	175,675
	958,252	175,675
Reconciliation of Cash		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash	958,252	175,675

NOTE 12: TRADE AND OTHER RECEIVABLES

	Consolidated Entity 2015 $	Consolidated Entity 2014 $
CURRENT		
Trade debtors (a)	544,519	1,438,238
Allowance for doubtful debts	-	-
	544,519	1,438,238
Other debtors	582,817	327,692
Prepayments	84,128	55,079
	1,211,464	1,821,009
NON-CURRENT		
Trade debtors	112,892	111,602
	112,892	111,602

a. Included in trade debtors of $544,519 (2014: $1,438,238) are debts which have been assigned to financing companies in Australia. The company had received advances of $15,652 (2014: $23,863) against these debts which are included within the debtor financing facility disclosed in note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 12: TRADE AND OTHER RECEIVABLES (Cont'd)

1. Ageing and impairment losses

	Consolidated entity			
	Gross 2015 $	Gross 2014 $	Carrying Amount 2015 $	Carrying Amount 2014 $
Not past due	176,188	1,316,851	176,188	1,316,851
Past due 0-30 days	271,995	202,908	271,995	202,908
Past due 31+ days	96,336	30,081	96,336	30,081
	544,519	1,549,840	544,519	1,549,840

Payment terms on receivables past due but not considered impaired have not been re-negotiated. The group has been in direct contact with the relevant customers and are reasonably satisfied that payment will be received in full. Based on past experience the Group believes that no impairment of receivables is required for balances which are past due.

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

	2015 $	2014 $
Australia	88,650	802,377
USA	164,560	336,380
Malaysia	61,171	79,171
Others	230,138	331,912
Total	544,519	1,549,840

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

	Not past due		Past due 30 days		Past due 60 days		Total	
Consolidated Entity	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $	2015 $	2014 $
Australia	61,292	773,109	1,901	28,524	25,456	744	88,650	802,377
USA	28,149	194,411	137,730	141,969	(1,319)	-	164,560	336,380
Malaysia	6,271	68,554	3,719	6,678	51,181	3,939	61,171	79,171
Others	80,476	280,777	128,645	25,737	21,018	25,398	230,138	331,912
Total	176,188	1,316,851	271,995	202,908	96,336	30,081	544,519	1,549,840

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 13: INVENTORIES

	Consolidated Entity	
	2015	**2014**
	$	**$**
Raw materials	1,087,544	1,000,691
Work in progress	551,244	289,479
Finished goods at cost	519,113	312,177
	2,157,901	1,602,347

Inventories are recognised net of a provision for obsolescence of $177,826 (2014: $110,662).

Inventory expense

Change in inventories recognised as expense during the year ended 30 June 2015 amounted to $468,701 (2014: expense: $788,306). The expense/ income has been included in 'changes in inventories of finished goods and work in progress' in the profit and loss.

NOTE 14: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following entities in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of share	Percentage Owned 2015	Percentage Owned 2014
			(%)	(%)
Ultimate Parent Entity:				
Rectifier Technologies Ltd	Australia	Ordinary	-	-
Subsidiaries of Rectifier Technologies Ltd:				
Protran Technologies Pty Ltd	Australia	Ordinary	100	100
Rectifier Technologies Pacific Pty Ltd	Australia	Ordinary	100	100
ICERT Inc.	USA	Ordinary	100	100
Rectifier Technologies (M) Sdn Bhd	Malaysia	Ordinary	100	100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity 2015 $	Consolidated Entity 2014 $
Plant and equipment		
At cost	209,253	1,779,984
Accumulated depreciation	(53,403)	(1,654,256)
	155,850	125,728
Leasehold improvements		
At cost	183	78,134
Accumulated depreciation	(18)	(78,035)
	165	99
Motor Vehicle		
At Cost	56,034	58,745
Accumulated depreciation	(12,028)	(5,842)
	44,006	52,903
Total Property, Plant and Equipment	200,021	178,730

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

2015	Plant and Equipment $	Leasehold Improvements $	Motor Vehicle $	Total $
Consolidated Entity:				
Balance at the beginning of year	125,728	99	52,903	178,730
Additions	65,397	84	-	65,481
Disposals	(22,379)	-	-	(22,379)
Depreciation/amortisation expense	(31,024)	(18)	(12,028)	(43,070)
Net exchange differences on translation of foreign subsidiaries	18,128	-	3,131	21,259
Carrying amount at the end of year	155,850	165	44,006	200,021

2014	Plant and Equipment $	Leasehold Improvements $	Motor Vehicle $	Total $
Consolidated Entity:				
Balance at the beginning of year	197,503	749	18,473	216,725
Additions	16,823	-	60,297	77,120
Disposals	(58,341)	(546)	(16,439)	(75,326)
Depreciation/amortisation expense	(29,622)	(104)	(7,876)	(37,602)
Net exchange differences on translation of foreign subsidiaries	(635)	-	(1,552)	(2,187)
Carrying amount at the end of year	125,728	99	52,903	178,730

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16: TRADE AND OTHER PAYABLES

		Consolidated Entity	
		2015	2014
		$	$
CURRENT			
Unsecured liabilities:			
Trade creditors		1,621,571	1,023,374
Sundry creditors and accrued expenses		412,874	458,388
Loans – director related (current and former directors)	16a	573,473	889,296
		2,607,918	2,371,058
Secured liabilities:			
Debtor financing facility		15,652	23,863
		15,652	23,863
		2,623,570	2,394,921

a. The loan balance reduced by two payments conducted in November 2014 & April 2015; subsequently loan conversion of shares issued on 30 June 2015 further reduced the loan balance. As at 30 June 2015, the current loans were comprised of $254,756 and GBP$36,088 principal and accumulated interest of $245,068 (2014: $269,822). As a result of the Pudu Investment Agreement dated on 7 April 2010, the loans were no longer interest bearing from 7 April 2010 and are not repayable until the later of 4 June 2012 or when formally agreed by Rectifier Technologies Ltd and the lenders (Messrs Shaw, Vescovi, and Duncan and Pudu). No demand for repayment has been made and the lenders have agreed to not seek repayment at this time.

NOTE 17: INTEREST-BEARING LIABILITIES

	Consolidated Entity	
	2015	2014
	$	$
CURRENT		
Lease liability (secured)	11,228	10,552
Loans – Pudu Investment (unsecured)	-	249,081
	11,228	259,633
NON-CURRENT		
Lease liability (secured)	30,858	39,553
	30,858	39,553
	42,086	299,186

Lease liabilities are secured over the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 18: MATURITY ANALYSIS

2015	Contractual Amount	< 6 mths	6 – 12 mths	1 – 3 years	> 3 years
Financial Liabilities					
Consolidated Entity:					
Trade creditors	1,621,571	1,621,571	-	-	-
Other creditors	412,874	412,874	-	-	-
Loans - directors	573,473	573,473	-	-	-
Debtor financing facility	15,652	15,652	-	-	-
Loan - Pudu investment	-	-	-	-	-
Loan - YuanDa	-	-	-	-	-
Lease liability	42,086	5,614	5,614	30,858	-
Total	2,665,656	2,629,184	5,614	30,858	-

2014	Contractual Amount	< 6 mths	6 – 12 mths	1 – 3 years	> 3 years
Financial Liabilities					
Consolidated Entity:					
Trade creditors	1,023,374	1,023,374	-	-	-
Other creditors	458,388	458,388	-	-	-
Loans - directors	889,296	889,296	-	-	-
Debtor financing facility	23,863	23,863	-	-	-
Loan - Pudu investment	249,081	249,081	-	-	-
Loan - YuanDa	-	-	-	-	-
Lease liability	50,105	5,276	5,276	31,656	7,897
Total	2,694,107	2,649,278	5,276	31,656	7,897

NOTE 19: PROVISIONS

	Note	Consolidated Entity 2015 $	Consolidated Entity 2014 $
CURRENT			
Employee entitlements		244,904	215,858
NON-CURRENT			
Employee entitlements		32,096	24,757

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 20: CONTRIBUTED EQUITY AND RESERVES

	Consolidated Entity	
	2015 $	2014 $
a. Ordinary shares		
At the beginning of the reporting period	37,439,430	37,379,430
Issue of shares	649,153	60,000
At reporting date	38,088,583	37,439,430
	Number	**Number**
At the beginning of reporting period	1,093,711,104	1,073,711,104
Share Based Payment	119,602,150	20,000,000
At reporting date	1,213,313,254	1,093,711,104

There were total of 119,602,150 shares issued during 2014/2015, among of 68,460,000 shares issued to Mr Lei Li as consideration for USD$300,000 payable as approved by shareholders at the 2014 AGM, 25,999,605 shares & 25,142,545 shares issued respectively to former directors of Mr Ray Shaw and Mr Malcolm Duncan as consideration for director loan repayment as approved by board meeting on 25 May 2015.

All shares issued at reporting date have been fully paid.

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

b. Nature and purpose of reserves

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. The reserve is recognised in profit or loss when the investment is disposed of.

c. At 30 June 2015, there were 23,400,000 (2014: 23,400,000) options outstanding.

d. The Company has established the Rectifier Technologies Ltd Senior Staff Ownership Plan and the Rectifier Technologies Ltd Staff Share Ownership Plan. Eligible employees are entitled to acquire ordinary shares at a fixed cost per share. As at 30 June 2015, 796,655 (2014: 796,655) ordinary shares have been allocated to these schemes. Some shares acquired by employees are funded by Interest free loans, which are repayable on cessation of employment with the consolidated entity. The balance of the loans has been written down to nil, being the estimated recoverable amount.

e. Capital risk management

The Group's and the Parent Entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the statement of financial position plus net debt.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 20: CONTRIBUTED EQUITY AND RESERVES (cont'd)

The gearing ratios at 30 June 2015 were as follows:

		Consolidated	
	Notes	**2015 $**	**2014 $**
Total borrowings	16,17	631,211	1,212,345
Less: cash and cash equivalents	11	(958,252)	(175,675)
Net debt		(327,041)	1,036,670
Total Equity		1,674,669	835,582
Total Capital		1,347,628	1,872,252
Gearing Ratio		-24%	55%

NOTE 21: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2015	2014
Payable		
− not later than 1 year	149,368	111,911
− later than 1 year but not later than 5 years	163,792	132,036
− over 5 years	-	-
	313,160	243,947

Operating leases relate to business and manufacturing facilities in Australia and Malaysia, with negotiable options to extend. The consolidated entity does not have options to purchase the leased assets at the expiry of the lease agreements.

The lease on the Australian premises at Burwood expires on 4 June 2017. For the years commencing after 30 June 2015 the following are the rental charges:

2016 $61,743

2017 $63,595

The Malaysian facility is leased for two years and annual rental is $87,625 p.a.

NOTE 22: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23: SEGMENT INFORMATION

Description of segments

The group has adopted AASB 8 Operating Segments from 1 July 2009 whereby 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).

Operating segments have been determined on the basis of reports reviewed by the executive management committee. The executive management committee ("committee") is considered to be the chief operating decision maker of the group. The committee considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The reportable segments are as follows:

Electronic Components

This is Protran Technologies Pty Ltd which is based in Malaysia (operations transferred from Australia during the year) and manufactures electronic components for a number of industries.

Industrial Power Supplies (Electricity generation and distribution)

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 and distribution industries.

Industrial Power Supplies (Transport)

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

Information provided to the executive management committee

Segment information provided to the executive management committee for the year ended 30 June 2015 is as follows:

2015	Protran - Electronic Components $	RTP & RTM - Industrial Power Supplies (E&D) $	RTUK - Industrial Power Supplies (T) $	Total $
Total segment revenue	173,152	8,096,796	-	8,269,948
Inter-segment revenue	-	(1,584,056)	-	(1,584,056)
Segment revenue from external customers	173,152	6,512,740	-	6,685,892
EBITDA	164,894	542,222	-	707,116
Interest revenue	-	442	-	442
Interest expense	-	(2,893)	-	(2,893)
Depreciation and amortisation	(577)	(42,294)	-	(42,871)
Income tax expense	-	(19,617)	-	(19,617)
Segment Assets and Liabilities				
Segment assets	-	7,308,428	-	7,308,428
Segment liabilities	-	5,370,877	-	5,370,877

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23: SEGMENT INFORMATION (Cont'd)

Inter-segment revenue comprises sales between segments which are on arm's length terms. Segment revenues from external customers are measured in accordance with accounting policy 1(o).

Management monitors segment performance based on EBITDA. This measure excludes non-recurring expenditure such as restructuring costs, impairments and share-based payments as well as interest revenue and interest expense and other items which are considered part of the corporate treasury function.

	2015 $
Segment revenue reconciles to total revenue :	
Total segment revenue from external customers	6,685,893
Corporate head office sundry revenue	(83,230)
Total revenue from operations	6,602,663
Reconciliation of EBITDA to profit before income tax from continuing operations	
Total segment EBITDA	707,116
- interest expense	(27,981)
- depreciation and amortisation	(43,070)
- corporate head office expenses	(488,964)
Profit before income tax from continuing operations	147,101
Segment assets reconcile to total assets as follows:	
Segment assets	7,308,428
Inter-segment eliminations	(3,348,246)
Corporate head office - Cash	664,935
Corporate head office - PPE	475
Corporate head office - other receivables	18,905
Total assets per statement of financial position	4,644,497
Segment liabilities reconcile to total liabilities as follows:	
Segment liabilities	5,370,877
Inter-segment eliminations	(3,395,479)
Corporate head office - trade & other creditors	411,589
Corporate head office - provisions	9,368
Corporate head office - borrowings	573,473
Total liabilities per statement of financial position	2,969,828

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23: SEGMENT INFORMATION (Cont'd)

2014	Protran - Electronic Components $	RTP & RTM - Industrial Power Supplies (E&D) $	RTUK - Industrial Power Supplies (T) $	Total $
Total segment revenue	44,375	7,249,239	2,262,367	9,555,981
Inter-segment revenue	(34,118)	(1,430,213)	(33,272)	(1,497,603)
Segment revenue from external customers	10,257	5,819,026	2,229,095	8,058,378
EBITDA	(50,499)	830,224	563,812	1,343,537
Interest revenue	-	18	43	61
Interest expense	(132)	(10,117)	(23,557)	(33,806)
Depreciation and amortisation	(2,944)	(32,321)	(16,198)	(51,463)
Income tax expense	-	(28,065)	(106,626)	(134,691)
Segment Assets and Liabilities				
Segment assets	11,601	7,364,691	-	7,376,292
Segment liabilities	175,918	5,737,542	-	5,913,460

	2014 $
Segment revenue reconciles to total revenue:	
Revenue from external customers of continuing operations	5,829,283
Revenue from external customers of discontinued operations	2,229,095
Total segment revenue from external customers	8,058,378
Corporate head office sundry revenue	(18,952)
Total revenue from operations	8,039,426
Reconciliation of EBITDA to profit before income tax from continuing operations	
Total segment EBITDA	779,725
- interest expense	(35,354)
- depreciation and amortisation	(37,602)
- share based payments	(60,000)
- corporate head office expenses	(380,286)
Profit before income tax from continuing operations	266,483

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23: SEGMENT INFORMATION (Cont'd)

	2014
Segment assets reconcile to total assets as follows:	**$**
Segment assets	7,376,292
Inter-segment eliminations	(3,671,397)
Corporate head office - Cash	6,477
Corporate head office - PPE	675
Corporate head office - other receivables	177,316
Total assets per statement of financial position	3,889,363

Segment liabilities reconcile to total liabilities as follows:	
Segment liabilities	5,913,460
Inter-segment eliminations	(4,552,068)
Corporate head office - trade & other creditors	548,946
Corporate head office - provisions	5,066
Corporate head office - borrowings	1,138,377
Total liabilities per statement of financial position	3,053,781

Geographical Information

Revenues and non-current assets by geographical location is as follows:

	Revenues from external customers of continuing operations		Non-current assets*	
	2015	2014	2015	2014
Geographic location	**$**	**$**	**$**	**$**
Australia	2,081,036	2,304,632	150,972	154,996
Asia	1,730,100	1,651,934	165,908	135,336
America	2,679,625	1,705,101	-	-
Middle East	117,768	142,339	-	-
Europe	77,364	25,277	-	-
	6,685,893	5,829,283	316,880	290,332

* Excludes financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Major customers - Revenue of $1,081,832 (2014: $1,488,970) was derived from a single USA customer and revenue of $1,129,099 (2014: $463,145) was derived from a single Singapore customer, both of which are allocated to the "RTP & RTM - Industrial Power Supplies (E&D)" segment. These revenues each amount to more than 10% of the group's revenues from external customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 24: CASH FLOW INFORMATION

	Consolidated Entity	
	2015	**2014**
	$	**$**
a. Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit/(Loss) after income tax	127,484	575,674
Non-cash flows in loss from ordinary activities		
Depreciation	42,498	53,800
Provision for stock obsolescence	63,847	-
Capitalised interest	34,557	11,312
Share based payment expense	-	60,000
Fair Value loss on extinguishment of debt	51,142	-
License cancellation fee	322,581	-
Unrealised currency (gain)/loss	47,195	(86,754)
Net loss/(gain) on sale/acquisition of assets	7,792	620
Changes in assets & liabilities:		
Decrease/(increase) in trade debtors	543,329	1,721,242
Decrease/(increase) in other debtors & prepayments	65,228	(1,015,085)
Decrease/(increase) in inventories	(477,483)	(175,050)
Increase/(decrease) in trade creditors/accruals	430,006	(1,737,669)
Increase/(decrease) in income taxes payable	(7,565)	3,996
Increase/(decrease) in provisions	36,384	(111,216)
Cash flows from operations	1,286,995	(699,130)

b. Credit Standby Arrangements

The Group has no credit standby arrangements with banks other than debtor finance facility.

NOTE 25: FAIR VALUE LOSS ON EXTINGUISHMENT OF DEBT

Total expenses of $51,142 arising from shares issued to former directors of Mr Ray Shaw and Mr Malcolm Duncan at discount of 0.1 cents below market value as consideration for director loan repayment as approved at board meeting held on 25 May 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: RELATED PARTY TRANSACTIONS

a. Subsidiaries

Interests in subsidiaries are set out in Note 14.

b. Key management personnel

Disclosures relating to key management personnel are set out in Note 8.

On 1 July 2014, the current director of Rectifier Technologies Ltd, Yanbin Wang has lent USD$100,000 to Rectifier Technologies (M) Sdn Bhd for the purpose of working capital. Repayment of loan conducted in 2015 and the balance of loan was USD$46,910 at the end of the reporting period. The loan is non-interest bearing and the term of the loan was extended for another 12 months.

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

Transactions with director related entities are as follows:

Director – related Entity loans payable

	R J Shaw Pty Ltd (Former Director) $	Malcolm Duncan (Former Director) $	Pudu Investments (Australia) Pty Ltd $	VF & VG Vescovi $	Total $
Opening Balance 1/7/13	291,701	236,058	354,553	223,643	1,105,955
Interest charged during the year	-	-	21,734	-	21,734
Loan repayments	-	-	-	-	-
Foreign currency translation	-	21,458	(10,770)	-	10,688
Closing Balance 30/6/14	291,701	257,516	365,517	223,643	1,138,377
Opening Balance 1/7/14	291,701	257,516	365,517	223,643	1,138,377
Interest charged during the year	-	-	25,562	-	25,562
Loan repayments	(158,438)	(159,332)	(316,800)	(21,806)	(656,376)
Foreign currency translation	-	23,753	42,157	-	65,910
Closing Balance 30/6/15	133,263	121,937	116,436	201,837	573,473

In April 2007, M.A. Duncan lent the Company GBP$100,000 on normal commercial terms. The entire loan plus accrued interest of GBP$41,634 were outstanding at the end of the previous reporting period. Mr. Duncan is no longer a director of the company. Repayment of the loan and debt conversion into shares conducted in 2014/2015 reduced the balance of the loan to GBP$59,748 at the end of the reporting period.

RJ Shaw Pty Ltd is a company based in Australia and is controlled by Dr RJ Shaw, a former director of Rectifier Technologies Ltd. In April 2006, RJ Shaw Pty Ltd lent the Company $100,000 on normal commercial terms. In April 2007 RJ Shaw Pty Ltd lent the Company an additional $100,000 on normal commercial terms. The entire $200,000 plus accrued interest of $91,701 were outstanding at the end of the previous reporting period. Repayment of the loan and debt conversion into shares conducted in 2014/2015 reduced the balance of the loan to $133,263 at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: RELATED PARTY TRANSACTIONS (Cont'd)

In April 2007, Pudu Investments (Australia) Pty. Ltd., a company associated with Ying Ming Wang lent the Company $100,000. $85,000 plus accrued interest of $31,436 were outstanding at the end of the reporting period. During 2010/2011 Pudu advanced an additional loan of RMB$4,288,146, equivalent to AUD$650,477. The balance owing on this loan, including accrued interest on 30 June 2014 was $249,081. As at 30 June 2014, there was $365,517 owing to Pudu Investment. The interest bearing loan has been settled in 2015 and the outstanding balance of non-interest bearing loan was $116,436 at the end of the reporting period.

In April 2006, VF and GJ Vescovi (Super fund account) lent the Company $100,000 on normal commercial terms. In April 2007 a further $50,000 was lent. The entire $150,000 plus accrued interest of $73,643 were outstanding at the end of the previous reporting period. Repayment conducted in 2014/2015 reduced the balance of the loan to $201,837 at the end of the reporting period.

Interest on all director-related loans payable has been suspended since April 2010, other than a component of the Pudu loan.

On 1 October 2013, the Board decided to stop accrual of the director fees to the Company for remuneration of the non-executive directors. As at the end of the reporting period, $363,510 (2014: $363,510) of director fees were outstanding.

On 30 September 2014, a debt of $300K USD raised from the cancellation of the license fee with CDK, a company associated with Ying Ming Wang, subsequently the debt was swapped to equity on settlement on 24 December 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27: FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

	Consolidated Entity	
	2015	2014
	$	$
Categories of Financial Instruments		
Financial assets		
Cash and cash equivalents	958,252	175,675
Loans and other receivables	1,324,356	1,932,611
	2,282,608	2,108,286
Financial liabilities		
Amortised cost	2,665,656	2,694,107
	2,665,656	2,694,107

In common with all other businesses, the Group and the parent entity are exposed to risks that arise from its use of financial instruments. This note describes the Group and the parent entity's objectives, policies and processes from managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group and the parent entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

a. Principal financial instruments

The principal financial instruments used by the Group and the parent entity, from which financial instrument risk arises, are as follows:

- trade and other receivables
- cash and cash equivalents
- lease liabilities
- trade and other payables
- loans from related parties

b. General objectives, policies and processes

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

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group and the Parent Entity's competitiveness and flexibility. Further details regarding these policies are set out below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27: FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (Cont'd)

i. Credit risk

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

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

The nature of the Group and the parent entity's operations means that approximately 82% (2014: 53%) of its sales are made to 11 (2014: 13) key customers in Australia, Malaysia, Middle East and America. Whilst credit risk is mainly influenced by factors specific to these individual customers, the concentration of sales geographically is a contributory factor. Refer to note 12 for further information regarding the group's credit risk.

ii. Liquidity risk

Liquidity risk arises from the Group and the Parent Entity's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group and the parent entity will encounter difficulty in meeting its financial obligations as they fall due. The Group and the parent entity aim to have sufficient cash to allow it to meet its liabilities when they become due. The Group and the parent entity do not have any undrawn standby credit arrangements available. Refer to note 24(b).

The Board receives cash flow projections monthly as well as information regarding cash balances. Refer to maturity analysis in note 18.

iii. Market risk

Market risk arises from the Group and the parent entity's use of interest bearing and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

iv. Interest rate risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Floating Interest Rate		Fixed Interest Rate Maturing									
			Within Year		1 to 5 Years		Over 5 Years		Non-interest-Bearing		Total	
	$		$		$		$		$		$	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Financial Assets:												
Cash	958,252	175,675	-	-	-	-	-	-	-	-	958,252	175,675
Receivables	-	-	-	-	-	-	-	-	1,324,356	1,932,611	1,324,356	1,932,611
Total Financial Assets	958,252	175,675	-	-	-	-	-	-	1,324,,356	1,932,611	2,282,608	2,108,286
Financial Liabilities:												
Other current loans		-	-	249,081	-	-	-	-	-	-	-	249,081
Director related loans		-	-	-	-	-	-	-	573,473	889,296	573,473	889,296
Trade and sundry creditors		-	-	-	-	-	-	-	2,034,445	1,481,762	2,034,445	1,481,762
Debtor Financing Facility	15,652	23,863	-	-	-	-	-	-	-	-	15,652	23,863
Lease liabilities	-	-	11,228	10,552	30,858	39,553	-	-	-	-	42,086	50,105
Total Financial Liabilities	15,652	23,863	11,228	259,633	30,858	39,553	-	-	2,607,918	2,371,058	2,665,656	2,694,107

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27: FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (Cont'd)

The Group and the parent entity's exposure to interest rate risk is limited to cash balances and the debtor financing facility, as these are at a floating rate. Interest rates on loan and lease liabilities are fixed.

The Group's profit and loss sensitivity and movement in the interest rates are as follows:

	Amounts	+1%	-1%
Cash	$958,252	$9,582	($9,582)
Debtor finance	($15,652)	($156)	$156

v. **Foreign currency risk**

The only currency where receivables are not denominated in their functional currency is US dollars (USD). Cash balances in USD are kept at levels only sufficient to pay the amounts owing. Since the local sales in Malaysia are made by foreign operations in their individual functional currencies, there is no direct foreign currency risk exposure involved. The Group and the parent entity's exposure to foreign currency risk is primarily its exposure to trade receivables denominated in USD. The total exposure to foreign currency risk at 30 June 2015 is as follows: Receivables in USD totalled USD$343,691 and payables totalled USD$142,337. The group entity also has foreign currency exposure to a GBP$36,088 loan from a former director plus accrued interest of GBP$23,661.

The Group and the parent entity's profit and loss sensitivity and movement in the USD:AUD and GBP:AUD exchange rate are as follows:

	2015					
	USD	**USD/AUD**	**USD/AUD**	**GBP**	**GBP/AUD**	**GBP/AUD**
Consolidated		**+10%**	**-10%**		**+10%**	**-10%**
Trade Receivables	343,691	40,577	(49,595)	-	-	-
Trade Payables	142,337	16,805	(20,539)	-	-	-
Loans	-	-	-	59,749	11,085	(13,549)

	2014					
	USD	**USD/AUD**	**USD/AUD**	**GBP**	**GBP/AUD**	**GBP/AUD**
Consolidated		**+10%**	**-10%**		**+10%**	**-10%**
Trade Receivables	549,245	53,690	(65,621)	60,000	9,917	(12,121)
Trade Payables	187,847	18,362	(22,443)	-	-	-
Loans	-	-	-	141,634	23,411	(28,613)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27: FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (Cont'd)

vi. Fair Values

An analysis of financial assets and financial liabilities for the consolidated entity is shown below:

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Financial assets				
Cash	958,252	958,252	175,675	175,675
Receivables	1,324,356	1,324,356	1,932,611	1,932,611
	2,282,608	2,282,608	2,108,286	2,108,286
Financial Liabilities				
Other loans	573,473	573,473	1,138,377	1,138,377
Trade and sundry creditors	2,034,445	2,034,445	1,481,762	1,481,762
Debtor financing facility	15,652	15,652	23,863	23,863
Lease liabilities	42,086	42,086	50,105	50,105
	2,665,656	2,665,656	2,694,107	2,694,107

The fair value of the other loans has been calculated by adding the accrued interest to the original principal adjusted for relevant exchange rate movements where applicable.

The fair value for the remaining financial liabilities and financial assets approximates their carrying value as they are short-term.

NOTE 28: PARENT ENTITY FINANCIAL INFORMATION

a. Summary Financial Information

The individual financial statements for the parent entity show as follow:

	2015	2014
	$	$
Statement of Financial Position		
Current Assets	670,188	181,485
Total Assets	760,131	1,005,893
Current Liabilities	991,674	1,682,983
Total Liabilities	992,710	1,683,194
Net Assets	(232,579)	(677,301)
Shareholders' Equity	38,088,583	37,439,430
Accumulated Losses	(38,321,162)	(38,116,731)
Total Equity	(232,579)	(677,301)
Profit/(Loss) for the year	(204,431)	886,039
Total Comprehensive Income	(204,431)	886,039

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 28: PARENT ENTITY FINANCIAL INFORMATION

b. Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees.

c. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities at 30 June 2015.

d. Contractual commitments

There were not contractual commitments for the parent entity at 30 June 2015.

NOTE 29: EVENTS SUBSEQUENT TO REPORTING DATE

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

NOTE 30: COMPANY DETAILS

The registered office is:
Rectifier Technologies Ltd
24 Harker Street, Burwood, VIC 3125

The principal places of business are:
Rectifier Technologies Ltd
24 Harker Street,
Burwood, VIC 3125

Rectifier Technologies (M) SDN. BHD
No. 11, Jalan Mega 1/5, Taman Perindustrian
Nusa Cemerlang,
81500 GELANG PATAH, JOHOR
MALAYSIA

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DECLARATION OF BY DIRECTORS

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:

   a) Comply with Accounting Standards and the *Corporations Regulations 2001*; and

   b) Give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated entity.

2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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

4. The remuneration disclosures included on pages 4 to 9 of the directors' report (as part of the audited Remuneration Report) for the year ended 30 June 2015, comply with Section 300 A of the *Corporations Act 2001.*

5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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:

Wang, Yanbin
Director

Rectifier Technologies Ltd
24 Harker Street
Burwood
VIC 3130

Dated the 30th day of September 2015

Grant Thornton

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Independent Auditor's Report

To the Members of Rectifier Technologies Limited

Report on the financial report

We have audited the accompanying financial report of Rectifier Technologies Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors of the Responsible Entity' responsibility for the financial report

The Directors of the Responsible Entity 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. The Directors of the Responsible Entity' responsibility also includes such internal control as the Directors of the Responsible Entity 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. The Directors of the Responsible Entity also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Rectifier Technologies Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 4 to 9 of the directors' report for the year ended 30 June 2015. The Directors of the Responsible Entity 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Rectifier Technologies Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 30 September 2015

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

1. Shareholding

a. Distribution of Shareholders Number

Category (size of Holding)	Ordinary
1 – 1,000	260
1,001 – 5,000	329
5,001 – 10,000	150
10,001 – 100,000	339
100,001 – 9,999,999,999	315
	1,393

b. The number of shareholdings held in less than marketable parcels is 982.

c. The names of the substantial shareholders listed in the holding company's register as at 30th of June 2015 are:

Shareholder	**Number Ordinary**
Pudu Investments (Aust) Pty Ltd	213,000,000
Sichuan Yimikang Environmental Technologies Co Ltd	189,975,136
Wealth Creation Financial Investment Holding Ltd	150,000,000

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders - Ordinary Shares

Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
1. PUDU INVESTMENT (AUSTRALIA) PTY LTD	213,000,000	17.56
2.SICHUAN YIMIKANG ENVIRONMENTAL TECHNOLOGIES CO LTD	189,975,136	15.66
3.WEALTH CREATION FINANCIAL INVESTMENT HOLDING LTD	150,000,000	12.36
4.WINTER STORMS LTD	125,068,336	10.31
5.MR LEI LI	68,460,000	5.64
6.FINLINK LLC	40,000,000	3.30
7.MR MAKRAM HANNA + MRS RITA HANNA <HANNA & CO P/L SUPER A/C>	35,691,884	2.94
8.MR MALCOLM ALISTAIR DUNCAN	30,142,545	2.48
9.BOND STREET CUSTODIANS LIMITED <MTGA-I53966 A/C>	25,999,605	2.14
10.GENISTA COURT PTY LTD	18,225,000	1.50
11.MR PETER HIONG HUO HII	17,383,975	1.43
12.VALENTINO FRANCESCO VESCOVI + GLENDA JILL VESCOV	15,837,464	1.31
13.MS CHENCHEN DOU	15,594,848	1.29
14.TOPAZ INVESTMENTS PTE LTD	13,837,650	1.14
15.MR RAYMOND ROCKMAN + MR ANTHONY ROCKMAN<RAYMOND ROCKMAN S/F A/C>	9,677,106	0.80
16.MR MAKRAM HANNA	9,253,000	0.76
17.HELIUM MANAGEMENT PTY LTD	8,180,000	0.67
18.MR KLAUS PERCH-NIELSEN	6,250,000	0.52
19.KANGSAV PTY LIMITED	6,123,838	0.50
20.AUSTRALIAN EXPORTS & INDUSTRIALISATION SUPER PTY LTD	6,000,000	0.49
Totals: Top 20 holders of ORDINARY SHARES	**1,004,700,387**	**82.80**

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

2. The name of the Company Secretary is Justyn Stedwell.

3. The address of the principal registered office in Australia is 24 Harker Street, Burwood, Victoria.

Telephone 03 9896 7550

4. Registers of securities are held at the following address:

Computershare Investor Services Pty Ltd
452 Johnston Street, Abbotsford, VIC 3067

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited and the Home Exchange is Melbourne.

6. Unquoted Securities

A total of 23,400,000 (2013: 23,400,000) options over unissued shares are on issue. There are also 796,655 fully paid unquoted shares the subject of the Company's staff share ownership plan.

7. Restricted Securities

Nil

8. On market buy-back

There is no current on market buy back.