

# Half Year Report of Rectifier Technologies Ltd for the Period Ended 31 December 2015

(ACN 058 010 692)

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

Current Reporting Period: Financial Period ended 31 December 2015

Previous Corresponding Period: Financial Period ended 31 December 2014

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

# Rectifier Technologies Ltd

## Results For Announcement To The Market

### For the Half Year Ended 31 December 2015

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

		Percentage Change %		Amount
Revenue from ordinary activities	Up	41.41%	To	3,796,164
Profit(loss) from ordinary activities after tax attributable to members	Up	438.52%	To	571,935
Profit attributable to members	Up	438.52%	To	571,935

#### Dividends (Distributions)

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

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

<ul style="list-style-type: none"> <li>Revenue from ordinary activities increased by 41.41% to \$3,796,164 and net profit after tax increased by \$465,731 to a gain of \$571,935. Refer to the Financial Statements for commentary.</li> <li>No dividend recommended for the period.</li> </ul>
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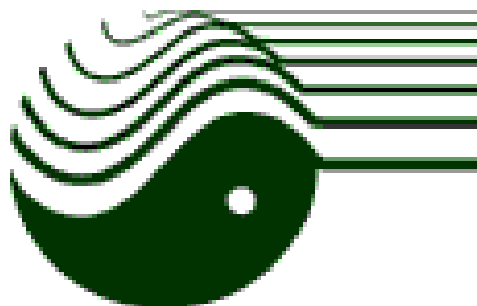
**Rectifier Technologies Ltd**  
**Results For Announcement To The Market**  
**For the Half Year Ended 31 December 2015**

**5. Net Tangible Assets Per Security**

	2015 \$'000	2014 \$'000
Net tangible assets per security	0.187¢	0.113¢

**6. Dividends**

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



**RECTIFIER TECHNOLOGIES LTD**

**ABN: 82 058 010 692**

**HALF-YEAR CONSOLIDATED  
FINANCIAL STATEMENTS  
31 DECEMBER 2015**

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## **COMPANY PARTICULARS**

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

Mr. Yingming Wang (Chairman)

Mr. Yanbin Wang

Mr. Tino Vescovi

### ***SECRETARY***

Mr. Justyn Stedwell

### ***REGISTERED OFFICE***

24 Harker Street

Burwood, Victoria 3125

Telephone: 03 9896 7550

Facsimile: 03 9896 7566

### ***SHARE REGISTRY***

Computershare Investor Services Pty Ltd

452 Johnston Street

ABBOTSFORD, VIC 3067

### ***AUDITORS***

Grant Thornton Audit Pty Ltd

525 Collins Street

MELBOURNE, VIC 3000

### ***BANKERS***

HSBC Bank Australia Limited

140 William Street

MELBOURNE, VIC 3000

### ***FINANCIERS***

Scottish Pacific Benchmark Group

Level 2, 441 St Kilda Road

MELBOURNE, VIC 3004

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## Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

### DIRECTORS' REPORT

Your directors submit the financial report of Rectifier Technologies Ltd and its controlled entities (the Company) for the half-year ended 31 December 2015.

#### Directors

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

Mr. Yingming Wang (Non-Executive)

Mr. Tino Vescovi (Non-Executive)

Mr. Yanbin Wang (Executive)

#### Review of Operations

#### Financial Results

For the half-year to 31 December 2015, the Group recorded a profit of \$571,935 compared with a profit of \$106,204 in the previous corresponding period with an increase of \$465,731. Revenue from ordinary activities increased from \$2.7M in the previous corresponding period to \$3.8M by an increase of \$1.1M.

The improvement of result in the half-year to 31 December 2015 reflects the sales improvement from the market segment of electronic components, power generation and distribution, defence and electrical vehicles. The result also reflects improvement in the gross margin, which presents 13.3% of increase, compared with the previous corresponding period due to production efficiency and tailored customer products. The improved profitability was assisted by the higher margin of customised products and the weakening of the Australian Dollar against the US Dollar at current half-year. The lower net profit at the last half-year was due to a once off warranty expense claim, there were no other outstanding liabilities relating to this warranty claim.

The results for the 6 months to December 2015 compared with those of the previous corresponding period are shown in the following table (\$'000).

	December 2015	December 2014
Revenue	3,796	2,685
Gross Profit	2,053	1,095
Gross Margin	54.08%	40.78%
EBITDA	671	151
Interest	(1)	(13)
Depreciation/Amortisation	(22)	(21)
Profit/(Loss) Before Tax	648	117
Income Tax Benefit/(Expense)	(76)	(11)
Net Profit/(Loss)	572	106

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## **Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

### **DIRECTORS' REPORT**

#### **Funding**

There were director loans to the parent company totalling \$889,296 in the 2014 financial year reporting period, but the loan balance was reduced by two payments made in November 2014 and April 2015; subsequently loan conversion to shares issued on 30 June 2015, further reduced the loan balance. As at 30 June 2015, the directors loans were \$573,473, followed by shareholders' approval to the loan conversion into shares issued to current directors in 2015 AGM, the total balance of loan was reduced to \$414,336 at the end of December 2015. 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.

#### **Outlook**

The Company has continually optimised its operations and was able to report an improved profit in the half-year to December 2015. The company continues to improve its presence in the local market (Australia) and in developing markets in China, South East Asia, North America and Europe. Future increase in sales lies with current market segments and emerging market segments such as electrical vehicle charging, renewable energy and power distribution.



**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**DIRECTORS' REPORT**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2015.

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



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Yanbin Wang

Director

Dated this 29<sup>th</sup> day of February 2015

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Rectifier Technologies Limited for the half-year ended 31 December 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adrian Nathanielsz  
Partner - Audit & Assurance

Melbourne, 29 February 2016

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**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	31 December 2015 \$	31 December 2014 \$
Note		
Revenue	3,796,164	2,684,581
Other income	274,499	878,495
Changes in inventories of finished goods and work in progress	132,123	219,863
Raw materials and consumables used	(1,326,437)	(1,464,013)
Employee benefits expense	(1,599,385)	(1,400,846)
Depreciation expense	(22,124)	(20,755)
Finance costs	(1,018)	(13,495)
Warranty claim expense	-	(322,581)
Other expenses	(605,345)	(444,575)
Profit before income tax expense	648,477	116,674
Income tax expense	(76,542)	(10,470)
<b>Net profit after income tax attributable to owners of Rectifier Technologies Limited</b>	<b>571,935</b>	<b>106,204</b>
<b>Other comprehensive income</b>		
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences	(136,098)	24,798
Income tax on items of other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>435,837</b>	<b>131,002</b>
Basic profit per share (cents per share)	0.05	0.01
Diluted profit per share (cents per share)	0.05	0.01

The accompanying notes form part of these financial statements.

# Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	31 December 2015 \$	30 June 2015 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,181,422	958,252
Trade and other receivables	1,447,937	1,211,464
Inventories	2,289,882	2,157,901
<b>TOTAL CURRENT ASSETS</b>	<b>4,919,241</b>	<b>4,327,617</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	112,891	112,892
Plant and equipment	184,889	200,021
Deferred tax assets	4,965	3,967
<b>TOTAL NON-CURRENT ASSETS</b>	<b>302,745</b>	<b>316,880</b>
<b>TOTAL ASSETS</b>	<b>5,221,986</b>	<b>4,644,497</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,435,892	2,623,570
Interest bearing liabilities	10,233	11,228
Provisions	279,357	244,903
Current tax liability	102,387	27,173
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,827,869</b>	<b>2,906,874</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing liabilities	23,042	30,858
Provisions	37,776	32,096
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>60,818</b>	<b>62,954</b>
<b>TOTAL LIABILITIES</b>	<b>2,888,687</b>	<b>2,969,828</b>
<b>NET ASSETS</b>	<b>2,333,299</b>	<b>1,674,669</b>
<b>EQUITY</b>		
Issued capital	38,311,375	38,088,584
Reserves	38,537	174,633
Accumulated losses	(36,016,613)	(36,588,548)
<b>TOTAL EQUITY</b>	<b>2,333,299</b>	<b>1,674,669</b>

The accompanying notes form part of these financial statements.

**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Share Capital Ordinary \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Total \$
<b>Balance at 1.7.2015</b>	38,088,583	(36,588,548)	174,634	1,674,669
Profit for the half-year	-	571,935	-	571,935
<b><i>Other comprehensive income</i></b>				
Foreign currency translation difference	-	-	(136,097)	(136,097)
<b>Total comprehensive income for the half-year</b>	-	571,935	(136,097)	435,838
<b>Transactions with owners in their capacity as owners</b>				
Shares Issued	222,792	-	-	222,792
	222,792	-	-	222,792
<b>Balance at 31.12.2015</b>	38,311,375	(36,016,613)	38,537	2,333,299
<b>Balance at 1.7.2014</b>	37,439,430	(36,716,032)	112,184	835,582
Profit for the half-year	-	106,204	-	106,204
<b><i>Other comprehensive income</i></b>				
Foreign currency translation difference	-	-	24,798	24,798
<b>Total comprehensive income for the half-year</b>	-	106,204	24,798	131,002
<b>Transactions with owners in their capacity as owners</b>				
Shares Issued	342,300	-	-	342,300
	342,300	-	-	342,300
<b>Balance at 31.12.2014</b>	37,781,730	(36,609,828)	136,982	1,308,884

The accompanying notes form part of these financial statements.

**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	31 December 2015 \$	31 December 2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	3,412,160	3,968,495
Payments to suppliers and employees	(3,256,926)	(3,333,121)
Interest received	441	14
Finance costs	(1,017)	(875)
Tax paid	-	(1,764)
Net cash provided by operating activities	<u>154,658</u>	<u>632,749</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for plant and equipment	(20,821)	(44,421)
Proceeds from sale of plant and equipment	-	2,927
Net cash used in investing activities	<u>(20,821)</u>	<u>(41,494)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(25,976)	(66,611)
Net cash used in financing activities	<u>(25,976)</u>	<u>(66,611)</u>
Net increase in cash and cash equivalents	107,861	524,644
Cash and cash equivalents at 1 July	958,252	175,675
Effect of exchange rate fluctuations on cash held	115,309	(26,998)
Cash and cash equivalents at 31 December	<u>1,181,422</u>	<u>673,321</u>

The accompanying notes form part of these financial statements.

## **Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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

These general purpose financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made by Rectifier Technologies Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

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

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2015.

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

No dividend was paid or recommended during the interim period.

## **Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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

Segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions). This has resulted in the manufacturing segment being disaggregated into 4 reportable segments being electronic components manufacturing, industrial power supplies (electricity generation/distribution and defence), industrial power supplies (transport and telecommunication) and industrial power supplies (electric vehicles).

#### **Description of segments**

Management has determined the operating segments based on reports reviewed by the executive management committee for making strategic decision. The executive management committee comprises the chief executive officer and divisional managers. The committee monitors the business based on product and geographic factors and have identified 4 reportable segments.

#### **Electronic Components**

Under this segment, Rectifier Technologies Pacific Pty Ltd and Rectifier Technologies Malaysia Sdn Bhd which is based in Malaysia (operations transferred from Protran Technologies Pty Ltd during the year of 2014/2015) manufacture electronic components for a number of industries.

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

Under this segment, Rectifier Technologies Pacific Pty Ltd and Rectifier Technologies Malaysia Sdn Bhd manufacture and distribute rectifiers, controllers, accessories and complete systems for the power generation, distribution industries and defence.

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

Under this segment, Rectifier Technologies Pacific Pty Ltd and Rectifier Technologies Malaysia Sdn Bhd manufacture and distribute power supplies for the transport industries and telecommunications.

#### **Industrial Power Supplies (Electric vehicles)**

Under this segment, Rectifier Technologies Pacific Pty Ltd and Rectifier Technologies Malaysia Sdn Bhd manufacture and distribute electric vehicle charges, battery charges and power supplies for a number of industries.

#### **Segment information**

Segment result shown in the segment information is measured as EBITDA prior to impairment expense. Segment information provided to the executive management committee for the half-year ended 31 December 2015, is as follows:



**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**NOTE 3: SEGMENT INFORMATION**

<b>Half-year ended</b>	<b>Electronic Components</b>	<b>Industrial Power Supplies (E/D)</b>	<b>Industrial Power Supplies (T&amp;T)</b>	<b>Industrial Power Supplies (EV)</b>	<b>Total</b>
<b>31-Dec-15</b>	\$	\$	\$	\$	\$
Total segment revenue	236,816	4,467,604	594,567	163,587	5,462,574
Inter-segment revenue	(33,497)	(1,269,498)	(363,415)	-	(1,666,410)
Revenue from external customers	203,319	3,198,106	231,152	163,587	3,796,164
Segment Result	42,609	670,210	48,441	34,282	795,542

<b>Half-year ended</b>	<b>Electronic Components</b>	<b>Industrial Power Supplies (E&amp;D)</b>	<b>Industrial Power Supplies (T&amp;T)</b>	<b>Industrial Power Supplies (EV)</b>	<b>Total</b>
<b>31-Dec-14 (Revised)</b>	\$	\$	\$	\$	\$
Total segment revenue	167,244	2,010,642	1,130,864	9,704	3,318,454
Inter-segment revenue	(24,277)	(609,596)	-	-	(633,873)
Revenue from external customers	142,967	1,401,046	1,130,864	9,704	2,684,581
Segment Result	26,293	257,665	207,976	1,784	493,718

# Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### NOTE 3: SEGMENT INFORMATION (Cont'd)

Half-year ended	Electronic Components	Industrial Power Supplies (E/D&T)	Industrial Power Supplies (T)	Total
31-Dec-14	\$	\$	\$	\$
Total segment revenue	167,244	3,151,210	-	3,318,454
Inter-segment revenue	(24,277)	(609,596)	-	(633,873)
Revenue from external customers	142,967	2,541,614	-	2,684,581
Segment Result	21,358	405,793	-	427,151

Total segment assets	Electronic Components	Industrial Power Supplies (E&D)	Industrial Power Supplies (T&T)	Industrial Power Supplies (EV)	Total
	\$	\$	\$	\$	\$
31-Dec-15	474,082	7,457,058	538,980	381,437	8,851,557
31-Dec-14	377,285	3,697,327	2,984,323	25,608	7,084,543

### Reconciliation of segment result to profit before income tax is as follows:

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
<b>Segment Result</b>	<b>795,542</b>	<b>493,718</b>
Corporate Cost (excluding finance, depreciation and amortisation expense)	(124,350)	(342,808)
Interest / Finance costs	(591)	(13,481)
Depreciation	(22,124)	(20,755)
<b>Profit before income tax from continuing operations</b>	<b>648,477</b>	<b>116,674</b>

Management has changed the structure of the operating segments reporting to best reflect the company's operations. It also provides, in the best interest to all the financial report users, a better understanding of the company's operation. The revised segment report for the 2014 half-year presents on the table above.

## Rectifier Technologies Ltd and Subsidiaries

ABN 82 058 010 692

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

#### NOTE 4: CONTINGENT LIABILITIES

There are no contingent liabilities or contingent assets at 31 December 2015.

#### NOTE 5: CONTRIBUTED EQUITY

	31 December 2015	31 December 2014
	\$	\$
Opening balance 1 July	38,088,583	37,439,430
Shares issued	222,792	342,300
Closing balance 31 December	<u>38,311,375</u>	<u>37,781,730</u>

	Number	Number
Opening balance 1 July	1,213,313,254	1,093,711,104
Shares issued	31,827,348	68,460,000
Closing balance 31 December	<u>1,245,140,602</u>	<u>1,162,171,104</u>

There were a total of 31,827,348 shares issued that were approved by shareholders at the 2015 AGM in November 2015, of which 20,183,732 shares & 11,643,616 shares were issued respectively to a current director Mr Tino Vescovi, and Pudu Investment (Australia) Pty Ltd, a company associated with the current director Mr Yingming Wang as consideration for the directors loan repayment.

#### NOTE 6: EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to reporting date, Rectifier Technologies Limited (the Company) is pleased to announce that current and former directors have agreed to forgive 85% of a combined total of \$363,510 in director's fees payable by the Company. The current and former directors have agreed to accept payment of 15% of fees outstanding (\$54,527) and have agreed to forgive the remaining 85% (\$308,983).

The Company also announced a bundle of shares offered to the Company's senior management at a discount to market price. This issue of shares to key senior management will allow the Company to raise funds to significantly reduce debt and with further aligns the financial interests of key senior management with the Company's performance.

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

**Rectifier Technologies Ltd and Subsidiaries**

**ABN 82 058 010 692**

**Directors' declaration**

The directors of the company declare that:

(a) in the directors' opinion, the financial statements and notes for the half-year ended 31 December 2015 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and its performance for the six-month period ended on that date; and

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

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

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



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Yanbin Wang

Director

Melbourne

Dated this 29<sup>th</sup> day of February, 2015

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

We have reviewed the accompanying half-year financial report of Rectifier Technologies Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

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

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

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Rectifier Technologies Limited consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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As the auditor of Rectifier Technologies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### **Independence**

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

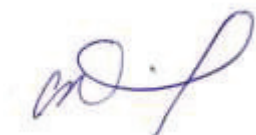
### **Conclusion**

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Adrian Nathanielsz  
Partner - Audit & Assurance

Melbourne, 29 February 2016