RECTIFIER TECHNOLOGIES LTD

ABN: 82 058 010 692

ANNUAL REPORT
2016

COMPANY PARTICULARS

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

SECRETARY
Mr. Justyn Stedwell

REGISTERED AND BUSINESS OFFICE
Rectifier Technologies Ltd
24 Harker Street
BURWOOD, VIC 3125
Telephone: + 61 3 9896 7550
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Rectifier Technologies(M) Sdn Bhd
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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 full year report for 2016 represented a significant improvement of the company's operational performance compared with the previous reporting period. The net profit for the year of 2016 went up to $1,684,565 on revenue of $8,458,986 from continuing operations, compared with a net profit of $127,484 on revenue of $6,602,663 in the previous year from continuing operations. The increase in both sales and product margin enabled the company to report a significant profit in 2016.

The higher overall revenue in 2016 was contributed by sales increases across the board, both domestically and offshore. Other income such as the R&D tax rebate, debt forgiveness and project development fund also contributed to the higher overall revenue in 2016.

Gross Margin from continuing operations have increased from 46% in 2015 to 54% in 2016, as a result of higher margin products and cost saving on the production.

The company was able to report a significant improvement from operating as a result of its continued expansion in emerging markets of electrical vehicle charging and renewable energy, meanwhile maintained a steady growth in existing markets.

	($'000')	
	2016	**2015**
Revenue from continuing operations (refer to note 3)	8,459	6,603
Gross Profit	4,063	2,454
Gross Margin %	54%	46%
Profit/(loss) from continuing operations before tax	1,334	147
Income Tax Benefit/ (Expense)	351	(20)
Profit/(loss) from continuing operations after tax	1,685	127
Net Profit/(Loss)	1,685	127

Funding

There were director loans to the parent company totalling $889,296 at the end of reporting period of 2014, but the loan balance was reduced by two payments conducted in November 2014 and April 2015; subsequently loan conversion of shares issued to two former directors on 30 June 2015 further reduced the loan balance to $573,473. The remaining loan balance was settled respectively by loan conversion of shares issued to two current directors, and lump sum payments on 30 November 2015 and 30 March 2016. There were no outstanding director loans at the end of current reporting period.

Outlook

Although significant improvements in the company's operational performance in 2016, the company continues to look for future growth of market share in industries it supplies to, such as utilities, oil and gas, defence, telecommunication, transportation and scientific instrumentation, with specific focus on the new and emerging electric vehicle charging market and renewable energy technologies industry.

Continued investment into new product development is critical for the company to achieve further success in the future. Our R&D team endeavours to deploy the latest technology to optimize current products, and work closely with our partners to develop new products for specific market and emerging market segments. Pursuit of the high-growth electric vehicle charging market is heading in the right direction, with products and new developments offered to partners who have a well-established footprint in this space.

On behalf of the Board,

Ying Ming Wang
Chairman
Dated this 29th day of September 2016

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2016.

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. Valentino 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 $1,684,565 (2015: $127,484).

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. Valentino 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	-	37,821,196 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. Valentino 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 2015 and 2016.

DIRECTORS' REPORT

Key Management Personnel Compensation Consolidated Entity

2016	**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	(87,409)	-	-	-	-	-	100,918	13,509
Mr. Yanbin Wang (CEO)	272,936	37,060	28,524	-	-	-	-	338,520
Mr. Valentino Vescovi	(55,583)	-	-	-	-	-	58,218	2,635
Other Key Management Personnel								
Subsidiary Entities	**Subsidiary**							
Mr. Paul Davis	136,691	17,600	-	4,306	26,289	-	20,000	204,886
Mr. Seong Bow Lee	65,612	7,445	731	-	8,076	-	-	81,864
Total	332,247	62,105	29,255	4,306	34,365	-	179,136	641,414

In February 2016, the current and former directors have agreed to accept payment of 15% of fee outstanding ($54,527) and have agreed to forgive the remaining 85% ($308,983). The total outstanding fee of $54,527 was settled on 18 March 2016 and there was no outstanding fee owing to the current and former directors on 30 June 2016. As the director fees were previously included in cash and fees, the amount forgiven in the current year has been shown as a negative in the current year. In November 2015, 20,183,732 ($100,918) shares and 11,643,616 ($58,218) shares issued respectively at $0.005 discounted $0.002 below market price to director Mr Valentino Vescovi and Pudu Investments (Australia) Pty Ltd, a company associated with director Mr Ying Ming Wang as consideration for director loan repayment as approved by shareholders at the 2015 AGM. Mr Paul Davis has been issued 5,000,000 ($20,000) shares at $0.004 which was $0.003 below to market price as part of the total 90,000,000 shares offered to the company's senior management in February 2016. In 2016, 13.58 % of Mr Yanbin Wang's remuneration, 11.35% of Mr Seong Bow Lee's remuneration and 12.88% of Mr Paul Davis' remuneration were performance based.

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. Valentino 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

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:

2016	Balance 1.7.15	Options Exercised	Net Change Other	Balance 30.6.16	Total Vested 30.6.16	Total Vested & Exercisable	Total Vested & Unexercisable
Parent Entity Directors							
Mr. Ying Ming Wang	-	-	-	-	-	-	-
Mr. Yanbin Wang	-	-	-	-	-	-	-
Mr. Valentino 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:

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. Valentino 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

2016

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

	Balance 1.7.15	Received as Director Loan Repayment	Received as Remuneration Employee Share Scheme	Net Change Other	Balance 30.6.16
Parent Entity Directors					
Mr. Ying Ming Wang	213,000,000	11,643,616	-	-	224,643,616
Mr. Yanbin Wang	40,000,000	-	-	-	40,000,000
Mr. Valentino Vescovi	17,837,464	20,183,732	-	(200,000)	37,821,196
Other Key Management					
Personnel of the Group					
Subsidiary Entities					
Mr. P. Davis	-	-	5,000,000	-	5,000,000
Mr. SB. Lee	2,767,550	-	-	-	2,767,550
Total	273,605,014	31,827,348	5,000,000	(200,000)	310,232,362

2015

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

	Balance 1.7.14	Received as Director Loan Repayment	Received as Remuneration Employee Share Scheme	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. Valentino 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	273,605,014	-	-	-	273,605,014

DIRECTORS' REPORT

Shares granted as remuneration

The company has proposed to issue 30,000,000 ordinary shares at $0.004 to the Director/CEO. The two parties came to agreement on the terms and conditions of the issue in February 2016 when the share price was $0.007, however the issue is subject to shareholder approval at the AGM expected in November 2016. Should the shares be approved at the AGM, the date of the AGM will be the grant date. While the two parties have a shared understanding of the terms and conditions of the proposed issue, as there is uncertainty as to the approval at the AGM, no share based payment expense has been recognised in profit for the current period to 30 June 2016 in relation to this potential share issue. Should the issue be approved at the AGM in November, the share based payment expense to be recognised in the next period will be the fair value at that grant date, determined as the difference between the share price at the date of the AGM and the actual issue price of $0.004 per share.

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. There was the highest revenue, but unfortunately a thin profit in 2012, because of higher operating expenses. 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 which diluted profit, and discontinued RTUK no longer contributed profit to the Group in 2015 as it had in 2014. The full year results for 2016 represented a significant improvement of the company's operational performance, and resulted from the increase in sales and product margin.

	2012	2013	2014	2015	2016
Revenue ($'000) (Including discontinued operation)	9,082	6,860	8,039	6,602	8,459
Net Profit/(Loss) ($'000)	5	(760)	576	128	1,685
Share Price at Year-end (cents)	0.1	0.1	0.3	0.7	2.9
Change in Share Price (cents)	-	-	0.2	0.5	2.2
Dividends Paid	-	-	-	-	-

DIRECTORS' REPORT

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 AUDITED REMUNERATION REPORT

DIRECTORS' REPORT

Meetings of Directors

During the financial year, 4 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	4	4	2	2
Mr Yanbin Wang	4	4	2	2
Mr. Valentino Vescovi	4	4	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	8,360,000
			21,640,000

In addition to the above options on issue, 30,000,000 shares have been offered to Yanbin Wang at an exercise price of $0.004 and will be issued if approved at the AGM.

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 8 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 29th day of September 2016

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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 audit of Rectifier Technologies Limited for the year ended 30 June 2016, 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, 29 September 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated Entity	
		2016	**2015**
		$	**$**
Revenue	3	7,628,331	5,646,877
Other income	3	830,655	955,785
Changes in inventories of finished goods and work in progress		4,666	468,700
Raw materials and consumables used		(2,609,475)	(2,630,038)
Employee benefits expense		(3,246,361)	(2,960,675)
Depreciation expense	4	(45,933)	(43,070)
Finance costs	4	(1,663)	(28,455)
Other expenses		(1,226,665)	(1,262,023)
Profit before income tax expense		1,333,555	147,101
Income tax benefit/(expense)	5	351,010	(19,617)
Profit from continuing operations after income tax		1,684,565	127,484
Net profit after income tax attributable to owners of Rectifier Technologies Limited		1,684,565	127,484
Other comprehensive income			
Foreign currency translation differences		(104,343)	62,450
Total other comprehensive income for the year		(104,343)	62,450
Total comprehensive income for the year		1,580,222	189,934
Basic earnings per share (cents per share):	9	0.13	0.01
Diluted earnings per share (cents per share):		0.12	0.01

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Consolidated Entity	
		2016	2015
		$	$
CURRENT ASSETS			
Cash and cash equivalents	10	1,635,415	958,252
Trade and other receivables	11	1,795,588	1,211,464
Inventories	12	1,980,049	2,157,901
TOTAL CURRENT ASSETS		5,411,052	4,327,617
NON-CURRENT ASSETS			
Trade and other receivables	11	-	112,892
Property, plant and equipment	14	209,945	200,021
Deferred tax assets	5	456,892	3,967
TOTAL NON-CURRENT ASSETS		666,837	316,880
TOTAL ASSETS		6,077,889	4,644,497
CURRENT LIABILITIES			
Trade and other payables	15	1,471,369	2,623,570
Interest bearing liabilities	16	10,482	11,228
Provisions	18	322,743	244,903
Current tax liability		102,179	27,173
TOTAL CURRENT LIABILITIES		1,906,773	2,906,874
NON-CURRENT LIABILITIES			
Interest bearing liabilities	16	18,326	30,858
Provisions	18	45,107	32,096
TOTAL NON-CURRENT LIABILITIES		63,433	62,954
TOTAL LIABILITIES		1,970,206	2,969,828
NET ASSETS		4,107,683	1,674,669
EQUITY			
Contributed equity	19	38,941,375	38,088,583
Reserves		70,291	174,634
Accumulated losses		(34,903,983)	(36,588,548)
TOTAL EQUITY		4,107,683	1,674,669

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated Entity	
		2016	2015
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,740,892	7,303,698
Payments to suppliers and employees		(6,990,023)	(6,007,568)
Interest received		1,088	32
Finance costs		(1,730)	(1,602)
Income taxes paid		(26,926)	(7,565)
Net cash provided by operating activities	23	723,301	1,286,995
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(67,241)	(65,163)
Proceeds from sales of property, plant and equipment		-	2,927
Net cash used in investing activities		(67,241)	(62,236)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		360,000	-
Repayment of borrowings		(457,050)	(423,599)
Net cash used in financing activities		(97,050)	(423,599)
Net increase in cash held		559,010	801,160
Cash and cash equivalents at beginning of the year		958,252	175,675
Effect of exchange rates on cash holdings in foreign currencies		118,153	(18,583)
Cash and cash equivalents at end of the year	10	1,635,415	958,252

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Entity	$	$	$	$
	Share Capital	**Accumulated Losses**	**Foreign Currency Translation Reserve**	**Total**
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
Balance at 1.7.2015	38,088,583	(36,588,548)	174,634	1,674,669
Total comprehensive income for the year	-	1,684,565	(104,343)	1,580,222
Transactions with owners in their capacity as owners:				
Shares issued	852,792	-	-	852,792
Balance at 30.06.2016	38,941,375	(34,903,983)	70,291	4,107,683

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: Corporate information

The financial statements of Rectifier Technologies Limited for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 29 September 2016 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 2016. 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 27.

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 2016

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 to note 25).

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 2016

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 2016

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 2016

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 expect 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 2016

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 2016. 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 2016

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

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

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace AASB139 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018. The company has made a preliminary assessment of the changes and does not expect any material impact on implementation other than a reclassification of AFS financial assets to fair value through OCI.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

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

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated

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. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

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 12 months.

2. R & D tax rebate

The Group has recognised the R&D rebate relating to the 2016 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Entity 2016 $	2015 $
Revenue		
– sale of goods	7,481,796	5,338,335
– licensing/royalties	-	147,000
– interest received	1,051	474
– sundry income	145,484	161,068
	7,628,331	5,646,877
Other income		
– R&D tax rebate	521,671	955,785
– debt forgiveness	308,984	-
	830,655	955,785

NOTE 4: PROFIT FROM CONTINUING ACTIVITIES

	Consolidated Entity 2016 $	2015 $
Profit before income tax has been determined after the following expenses:		
Cost of sales	3,418,385	2,884,320
Finance costs:		
– directors and director-related entities	-	25,562
– other persons	1,663	2,893
Total finance costs	1,663	28,455
Depreciation of non-current assets:		
– plant and equipment	34,369	31,024
– leasehold improvements	17	18
– motor vehicle	11,547	12,028
Total depreciation	45,933	43,070
Rental expense on operating leases - minimum lease payments	133,387	134,638
Personnel Expenses - defined contributions superannuation	293,183	272,142
Research and development costs expensed	1,241,251	1,222,214
Profit/ (loss) on disposal of property, plant and equipment	-	22,379
Impairment of inventory	103,061	66,626

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: INCOME TAX EXPENSE

	Consolidated Entity 2016 $	2015 $
Current tax	782,076	27,243
Deferred tax	50,062	(7,626)
Tax losses carried forward previously not brought to account	(860,162)	-
Deferred tax assets in relation to temporary differences previously not brought to account	(322,986)	-
	(351,010)	19,617
Reconciliation of the effective tax rate		
The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:		
Profit before income tax	1,333,555	147,101
Prima facie tax payable on profit/ (loss) before income tax at 30% (2015: 30%)		
– Consolidated entity	400,068	44,130
Add: Tax effect of:		
– Other non-allowable items	448,881	412,596
– Other timing differences	-	150,576
	848,949	607,302
Less Tax effect of:		
– Other non-assessable items	-	(112,184)
– Utilisation of unabsorbed losses carried forward	-	(24,938)
– Utilisation of current year capital allowances	-	(2,051)
– Other tax offset received	-	(179,346)
– Effect of lower rates of tax on overseas income	(16,811)	(6,262)
– Current year temporary differences that is expected to reverse in future years	-	-
– Effect of R&D tax offset	-	-
	832,138	282,521
Tax effect of carry-forward tax losses not previously bought to account	(860,162)	(262,905)
Tax effect of temporary differences not previously brought to account	(322,986)	-
Income tax attributable to entity	(351,010)	19,617
Reconciliation to continuing / discontinued operations		
Consolidated profit before income tax	1,333,555	147,101
Less profit before tax relating to discontinued operations	-	-
Profit before income tax from continuing operations	1,333,555	147,101
Consolidated income tax expense	(351,010)	19,617
Less income tax expense relating to discontinued operations	-	-
Income tax expense from continuing operations	(351,010)	19,617

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: INCOME TAX EXPENSE (Cont'd)

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
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	980,371	3,769,079
Unused revenue losses for which no deferred tax asset recognised relating to the overseas subsidiaries	-	-
	980,371	3,769,079
Potential tax benefit at applicable tax rates	5,816,989	6,653,602
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	980,371	3,769,079
Deductible temporary differences	-	5,810,813
	19,389,965	27,989,486
Potential tax benefit at applicable tax rates	5,816,989	8,396,646

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.

The Australian losses included in the above have been calculated at 30%. The Australian Government has announced its intention to decrease the income tax rate to 27.5% for companies with a turnover less than $10m, however the legislation to effect the change has not yet been passed nor received Royal Assent. Therefore, the unrecognised capital losses have been calculated at 30%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: INCOME TAX EXPENSE (Cont'd)

The following table regarding DTA during the current reporting period:

Deferred Tax Assets	**1 July 2015** $	**Recognised in Profit & Loss** $	**30 Jun 2016** $
Provision for stock obsolescence	-	38,114	38,114
Accrued superannuation	-	4,930	4,930
Accruals - Other	-	31,010	31,010
Unrealised FX Loss	-	9,346	9,346
Employee entitlements	-	110,355	110,355
Provision for staff bonuses	-	83,137	83,137
Tax losses	-	180,000	180,000
Deferred tax movement	-	456,892	456,892

The Group has unused capital losses of $18,409,592 and unused tax losses of $980,371 which provide a potential tax benefit of $5,816,989. During the period, previously unrecognised tax losses of $2,867,208 have been brought to account by the Group. These represent amounts used to offset the current year taxable profit of the Group, as well as the budgeted Research and Development expenditure in FY17 which offsets against tax losses when claimed under the research and development tax incentive.

NOTE 6: DIVIDENDS

No dividends declared or paid during the year ended 30 June 2016. The amounts of franking credits available for subsequent reporting periods are:

	Consolidated Entity	
	2016 $	**2015** $
Opening balance of franking account	(735,998)	(138,177)
Deferred debit that will arise from the receipt of the R&D tax offset from prior year	(521,671)	(597,821)
Balance of franking account at year end	-	-
Deferred debit balance of franking account at the end of the reporting period	(1,257,659)	(735,998)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: 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. Valentino 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	
	2016 $	2015 $
b. Key Management Personnel Compensation		
Short-term employee benefits	423,607	442,443
Long-term employee benefits	4,306	2,093
Post-employment benefits	34,365	31,138
Share-based payments	179,136	-
	641,414	475,674

There were 20,183,732 ($100,918) ordinary shares and 11,643,616 ($58,218) ordinary shares issued respectively to director Mr Valentino Vescovi and Pudu Investments (Australia) Pty Ltd, a company associated with director Mr Ying Ming Wang as consideration for director loan repayment approved by shareholders at the 2015 AGM. 5,000,000 ($20,000) ordinary shares was issued to Mr Paul Davis as part of the total 90,000,000 ordinary shares offered to the company's senior management in February 2016.

The company has proposed to issue 30,000,000 ordinary shares at $0.004 to the Director/CEO. The two parties came to agreement on the terms and conditions of the issue in February 2016 when the share price was $0.007, however the issue is subject to shareholder approval at the AGM expected in November 2016. Should the shares be approved at the AGM, the date of the AGM will be the grant date. While the two parties have a shared understanding of the terms and conditions of the proposed issue, as there is uncertainty as to the approval at the AGM, no share based payment expense has been recognised in profit for the current period to 30 June 2016 in relation to this potential share issue.

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 25.

NOTE 8: AUDITOR'S REMUNERATION

	Consolidated Entity	
	2016 $	2015 $
Audit and review services		
Grant Thornton Audit Pty Ltd - Audit and review of financial reports	48,319	46,000
Other audit firms (non Grant Thornton) – Audit and review of other entities in the Group	5,534	6,258
Total remuneration for audit services	53,853	52,258

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9: EARNINGS PER SHARE

	Consolidated Entity 2016 $	2015 $
a. Reconciliation of earnings used to calculate 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	1,684,565	127,484
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	1,335,140,602	1,213,313,254
Adjustments for calculations of diluted earnings per share:		
Options	21,640,000	23,400,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,356,780,602	1,236,713,254

NOTE 10: CASH AND CASH EQUIVALENTS

	Consolidated Entity 2016 $	2015 $
Cash at bank	1,635,415	958,252
	1,635,415	958,252
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	1,635,415	958,252

NOTE 11: TRADE AND OTHER RECEIVABLES

	Consolidated Entity 2016 $	2015 $
CURRENT		
Trade debtors (a)	1,117,167	544,519
	1,117,167	544,519
Other debtors	592,287	582,817
Prepayments	86,134	84,128
	1,795,588	1,211,464
NON-CURRENT		
Trade debtors	-	112,892
	-	112,892

a. Included in debtors of $1,117,167 (2015: $544,519) are debts which have been assigned to financing companies in Australia. The company had received advances of $15,936 (2015: $15,652) against these debts which are included within the debtor financing facility disclosed in note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11: TRADE AND OTHER RECEIVABLES (Cont'd)

	Consolidated entity			
	Gross 2016 $	Gross 2015 $	Carrying Amount 2016 $	Carrying Amount 2015 $
Not past due	582,743	176,188	582,743	176,188
Past due 0-30 days	252,846	271,995	252,846	271,995
Past due 31+ days	281,578	96,336	281,578	96,336
	1,117,167	544,519	1,117,167	544,519

1. Ageing and impairment losses

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:

	2016 $	2015 $
Australia	325,922	88,650
USA	267,681	164,560
Malaysia	15,799	61,171
Others	507,765	230,138
Total	1,117,167	544,519

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	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Australia	270,527	61,292	54,099	1,901	1,296	25,456	325,922	88,650
USA	126,860	28,149	132,200	137,730	8,621	(1,319)	267,681	164,560
Malaysia	7,396	6,271	6,210	3,719	2,193	51,181	15,799	61,171
Others	177,959	80,476	60,337	128,645	269,469	21,018	507,765	230,138
Total	582,742	176,188	252,846	271,995	281,579	96,336	1,117,167	544,519

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 12: INVENTORIES

	Consolidated Entity	
	2016	2015
	$	$
Raw materials	905,027	1,087,544
Work in progress	819,829	551,244
Finished goods at cost	255,193	519,113
	1,980,049	2,157,901

Inventories are recognised net of a provision for obsolescence of $280,887 (2015: $177,826).

Inventory expense

Change in inventories recognised as expense during the year ended 30 June 2016 amounted to $4,666 (2015: $468,701). The expense/ income has been included in 'changes in inventories of finished goods and work in progress' in the profit and loss.

NOTE 13: SUBSIDIARIES

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

Name	Country of Incorporation	Class of share	Percentage Owned 2016	Percentage Owned 2015
			(%)	(%)
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 2016

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Plant and equipment		
At cost	214,553	209,253
Accumulated depreciation	(34,369)	(53,403)
	180,184	155,850
Leasehold improvements		
At cost	165	183
Accumulated depreciation	(17)	(18)
	148	165
Motor Vehicle		
At Cost	41,160	56,034
Accumulated depreciation	(11,547)	(12,028)
	29,613	44,006
Total Property, Plant and Equipment	209,945	200,021

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.

2016	Plant and Equipment $	Leasehold Improvements $	Motor Vehicle $	Total $
Consolidated Entity:				
Balance at the beginning of year	155,850	165	44,006	200,021
Additions	66,299	-	-	66,299
Disposals	-	-	-	-
Depreciation/amortisation expense	(34,369)	(17)	(11,547)	(45,933)
Net exchange differences on translation of foreign subsidiaries	(7,596)	-	(2,846)	(10,442)
Carrying amount at the end of year	180,184	148	29,613	209,945

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2016	**2015**
	$	**$**
CURRENT		
Unsecured liabilities:		
Trade creditors	995,943	1,621,571
Sundry creditors and accrued expenses	459,490	412,874
Loans – director related (current and former directors) (a)	-	573,473
	1,455,433	2,607,918
Secured liabilities:		
Debtor financing facility	15,936	15,652
	15,936	15,652
	1,471,369	2,623,570

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 to $573,473. Loan conversion into shares of $159,137 and repayment of the loan of $414,336 was conducted respectively on 30 November 2015 and 30 March 2016, reduced the balance of the loan to nil at the end of the current reporting period.

NOTE 16: INTEREST-BEARING LIABILITIES

	Consolidated Entity	
	2016	**2015**
	$	**$**
CURRENT		
Lease liability (secured)	10,482	11,228
	10,482	11,228
NON-CURRENT		
Lease liability (secured)	18,326	30,858
	18,326	30,858
	28,808	42,086

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: MATURITY ANALYSIS

2016	Contractual Amount	< 6 mths	6 – 12 mths	1 – 3 years	> 3 years
Financial Liabilities					
Consolidated Entity:					
Trade creditors	995,943	995,943	-	-	-
Other creditors	459,490	459,490	-	-	-
Loans - directors	-	-	-	-	-
Debtor financing facility	15,936	15,936	-	-	-
Lease liability	28,808	5,241	5,241	18,326	-
Total	1,500,177	1,476,610	5,241	18,326	-

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	-	-	-
Lease liability	42,086	5,614	5,614	30,858	-
Total	2,665,656	2,629,184	5,614	30,858	-

NOTE 18: PROVISIONS

	Consolidated Entity	
	2016	2015
	$	$
CURRENT		
Employee entitlements	322,743	244,903
NON-CURRENT		
Employee entitlements	45,107	32,096

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19: CONTRIBUTED EQUITY AND RESERVES

	Consolidated Entity	
	2016 $	2015 $
a. Ordinary shares		
At the beginning of the reporting period	38,088,583	37,439,430
Share based payment	852,792	649,153
At reporting date	38,941,375	38,088,583

	Number	Number
At the beginning of reporting period	1,213,313,254	1,093,711,104
Issue of shares	121,827,348	119,602,150
At reporting date	1,335,140,602	1,213,313,254

There were total of 121,827,348 ($852,792) shares issued during 2015/2016, which was included 90,000,000 ($360,000) shares issued to the company's senior management at $0.004 discounted $0.003 below to market price, 20,183,732 ($100,918) shares and 11,643,616 ($58,218) shares issued respectively at $0.005 discounted $0.002 below market price to director Mr Valentino Vescovi and Pudu Investments (Australia) Pty Ltd, a company associated with director Mr Ying Ming Wang as consideration for director loan repayment as approved by shareholders at the 2015 AGM.

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 2016, there were 23,400,000 (2015: 23,400,000) options outstanding.

d. 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 2016

NOTE 19: CONTRIBUTED EQUITY AND RESERVES (Cont'd)

The gearing ratios at 30 June 2016 were as follows:

		Consolidated	
	Notes	2016 $	2015 $
Total borrowings	15,16	44,744	631,211
Less: cash and cash equivalents	10	(1,635,415)	(958,252)
Net debt		(1,590,671)	(327,041)
Total Equity		4,107,683	1,674,669
Total Capital		2,517,012	1,347,628
Gearing Ratio		-63%	-24%

NOTE 20: CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

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

	2016	2015
Payable		
– not later than 1 year	166,733	149,368
– later than 1 year but not later than 5 years	110,067	163,792
– over 5 years	-	-
	276,800	313,160

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. There is an option at the end of lease for extension from one to four year. For the years commencing after 30 June 2016 the following are the rental charges:

2017 $78,951

2018 $81,320

The Malaysian facility is leased for two years and annual rental is $87,782 p.a.

NOTE 21: CONTINGENT LIABILITIES

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: 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

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.

Information provided to the executive management committee

Segment information provided to the executive management committee for the year ended 30 June 2016 is as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: SEGMENT INFORMATION (Cont'd)

2016	Electronic Components	Industrial Power Supplies (E&D)	Industrial Power Supplies (T&T)	Industrial Power Supplies (EV)	Total
	$	$	$	$	$
Total segment revenue	728,751	5,944,069	4,611,509	272,178	11,556,507
Inter-segment revenue	(123,527)	(409,529)	(2,896,210)	(10,165)	(3,439,431)
Segment revenue from external customers	605,224	5,534,540	1,715,299	262,013	8,117,076
EBITDA	142,063	1,299,109	402,628	61,502	1,905,302
Interest revenue	98	117	328	3	546
Interest expense	(286)	(409)	(955)	(13)	(1,663)
Depreciation and amortisation	(7,335)	(13,753)	(24,271)	(441)	(45,800)
Income tax expense	(23,307)	(2,820)	(79,755)	-	(105,882)
Segment Assets and Liabilities					
Segment assets	637,088	5,825,923	1,805,606	275,807	8,544,424
Segment liabilities	389,845	3,564,987	1,104,883	168,771	5,228,486

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 2(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: SEGMENT INFORMATION (Cont'd)

	2016 $
Segment revenue reconciles to total revenue:	
Revenue from external customers	8,117,076
Corporate head office sundry revenue	341,910
Total revenue from operations	8,458,986
Reconciliation of EBITDA to profit before income tax from continuing operations:	
Total segment EBITDA	1,905,302
- interest expense	(612)
- depreciation and amortisation	(45,934)
- corporate head office costs	(525,201)
Profit before income tax from continuing operations	1,333,555
Segment assets reconcile to total assets as follows:	
Segment assets	8,544,424
Inter-segment eliminations	(3,467,647)
Corporate head office - Cash	525,978
Corporate head office - PPE	342
Corporate head office - other receivables	17,900
Corporate head office – deferred tax assets	456,892
Total assets per statement of financial position	6,077,889
Segment liabilities reconcile to total liabilities as follows:	
Segment liabilities	5,228,486
Inter-segment eliminations	(3,369,384)
Corporate head office - trade & other creditors	111,104
Corporate head office - provisions	-
Corporate head office - borrowings	-
Total liabilities per statement of financial position	1,970,206

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: SEGMENT INFORMATION (Cont'd)

2015 (Revised)	Electronic Components	Industrial Power Supplies (E&D)	Industrial Power Supplies (T&T)	Industrial Power Supplies (EV)	Total
	$	$	$	$	$
Total segment revenue	583,765	3,678,512	3,957,006	50,665	8,269,948
Inter-segment revenue	(219,444)	(117,507)	(1,246,156)	(949)	(1,584,056)
Segment revenue from external customers	364,321	3,561,005	2,710,850	49,716	6,685,892
EBITDA	38,532	376,620	286,706	5,258	707,116
Interest revenue	41	15	386	-	442
Interest expense	(165)	(1,471)	(1,235)	(22)	(2,893)
Depreciation and amortisation	(3,868)	(9,978)	(28,889)	(136)	(42,871)
Income tax expense	(1,829)	(679)	(17,109)	-	(19,617)
Segment Assets and Liabilities					
Segment assets	398,244	3,892,576	2,963,263	54,345	7,308,428
Segment liabilities	292,665	2,860,608	2,177,667	39,937	5,370,877

According to the current business operation, the market segment was changed, the Group has revised 2015's segment report to make it comparable to 2016.

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 2016

NOTE 22: SEGMENT INFORMATION (Cont'd)

	2015 $
Segment revenue reconciles to total revenue:	
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 2016

NOTE 22: SEGMENT INFORMATION (Cont'd)

Geographical Information

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

	Revenues from external customers of continuing operations		Non-current assets*	
	2016	2015	2016	2015
Geographic location	$	$	$	$
Australia	2,975,864	2,081,036	76,297	150,972
Asia	2,190,958	1,730,100	133,648	165,908
North America	2,218,347	2,490,156	-	-
South America	438,796	189,469	-	-
Middle East	4,495	117,768	-	-
Europe	288,616	77,364	-	-
	8,117,076	6,685,893	209,945	316,880

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

Major customers - Revenue of $1,785,584 (2015: $137,829) was derived from a single Australia customer and revenue of $1,260,409 (2015: $1,129,099) 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 2016

NOTE 23: CASH FLOW INFORMATION

	Consolidated Entity	
	2016	2015
	$	$
a. Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	1,684,565	127,484
Non-cash flows in loss from ordinary activities		
Depreciation	45,933	42,498
Provision for stock obsolescence	113,027	63,847
Capitalised interest	-	34,557
Tax benefit	(456,892)	-
Share based payment expense	270,000	-
Fair Value loss on extinguishment of debt	63,655	51,142
License cancellation fee	-	322,581
Unrealised currency (gain)/loss	41,438	47,195
Net loss/(gain) on sale/acquisition of assets	-	7,792
Changes in assets & liabilities:		
Decrease/(increase) in trade debtors	(640,853)	543,329
Decrease/(increase) in other debtors & prepayments	56,733	65,228
Decrease/(increase) in inventories	(199,565)	(477,483)
Increase/(decrease) in trade creditors/accruals	(322,596)	430,006
Increase/(decrease) in income taxes payable	(22,995)	(7,565)
Increase/(decrease) in provisions	90,851	36,384
Cash flows from operations	723,301	1,286,995

b. Credit Standby Arrangements

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

NOTE 24: FAIR VALUE LOSS ON EXTINGUISHMENT OF DEBT

Total expenses of $63,655 arose from total of 31,827,348 shares issued to director Mr Valentino Vescovi and Pudu Investments (Australia) Pty Ltd, a company associated with Mr Ying Ming Wang at discount of 0.2 cents below market value as consideration for director loan repayment as approved by shareholders at AGM on 30 Nov 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 25: RELATED PARTY TRANSACTIONS

a. Subsidiaries

Interests in subsidiaries are set out in Note 13.

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 1/7/14	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
Opening Balance 1/7/15	133,263	121,937	116,436	201,837	573,473
Interest charged during the year	-	-	-	-	-
Loan repayments	(133,263)	(117,155)	(116,436)	(201,837)	(568,691)
Foreign currency translation	-	(4,782)	-	-	(4,782)
Closing Balance 30/6/16	-	-	-	-	-

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 reporting period of 2014. 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 on 30 June 2015. The balance of loan was settled by a lump sum payment in March 2016. As at 30 June 2016, the outstanding balance owing on this loan to M.A.Duncan was nil.

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 start 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 on 30 June 2015. The balance of loan was settled by a lump sum payment in March 2016. As at 30 June 2016, the outstanding balance owing on this loan to RJ Shaw Pty Ltd was nil.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 25: RELATED PARTY TRANSACTIONS (Cont'd)

In April 2007, Pudu Investments (Australia) Pty. Ltd., a company associated with Mr 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 on 30 June 2015. The first half of the outstanding loan has been settled by loan conversion of shares in November 2015 and the rest half of the outstanding loan has been cleared by a lump sum payment in March 2016. There was no outstanding loan owing to Pudu Investment (Australia) Pty Ltd at the end of current 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 start of the previous reporting period. Repayment conducted in 2014/2015 reduced the balance of the loan to $201,837 on 30 June 2015. The first half of the outstanding loan has been settled by loan conversion of shares in November 2015 and the rest half of the outstanding loan has been cleared by a lump sum payment in March 2016. There was no outstanding loan owing to VF and GJ Vescovi (Super fund account) at the end of current 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. At the previous reporting period, total $363,510 of director fees were outstanding. As announced to ASX in February 2016, the current and former directors agreed to accept payment of 15% of fees outstanding ($54,527) and have forgiven the remaining 85% ($308,983). Total outstanding fee was settled in March 2016 and there was no outstanding fee owing to the current and former directors at the end of current reporting period.

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 2016

NOTE 26: FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT

	Consolidated Entity	
	2016	2015
	$	$
Categories of Financial Instruments		
Financial assets		
Cash and cash equivalents	1,635,415	958,252
Trade and other receivables	1,709,454	1,240,228
	3,344,869	2,198,480
Financial liabilities		
Amortised cost	1,500,177	2,665,656
	1,500,177	2,665,656

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 2016

NOTE 26: 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 85% (2015: 82%) of its sales are made to 11 (2015: 11) 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 23(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	
	$		$		$		$		$		$	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Financial Assets:												
Cash	1,635,415	958,252		-		-		-	-	-	1,635,415	958,252
Receivables	-	-		-		-		-	1,709,454	1,240,228	1,709,454	1,240,228
Total Financial Assets	1,635,415	958,252		-		-		-	1,709,454	1,240,228	3,344,869	2,198,480
Financial Liabilities:												
Other current loans	-	-	-	-	-	-		-	-	-	-	-
Director related loans	-	-	-	-	-	-		-	-	573,473	-	573,473
Trade and sundry creditors	-	-	-	-	-	-		-	1,455,433	2,034,445	1,455,433	2,034,445
Debtor Financing Facility	15,936	15,652	-	-	-	-		-	-	-	15,936	15,652
Lease liabilities		-	10,482	11,228	18,326	30,858		-	-	-	28,808	42,086
Total Financial Liabilities	15,936	15,652	10,482	11,228	18,326	30,858		-	1,455,433	2,607,918	1,500,177	2,665,656

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 26: 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	$1,635,415	$16,354	($16,354)
Debtor finance	($15,936)	($159)	$159

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 2016 was as follows: Receivables in USD totalled USD$579,451 and payables totalled USD$56,219.

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:

	2016					
	USD	**USD/AUD**	**USD/AUD**	**GBP**	**GBP/AUD**	**GBP/AUD**
Consolidated		**+10%**	**-10%**		**+10%**	**-10%**
Trade Receivables	579,451	71,186	(87,005)	-	-	-
Trade Payables	56,219	6,907	(8,441)	-	-	-
Loans	-	-	-	-	-	-

	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)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 26: 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:

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Financial assets				
Cash	1,635,415	1,635,415	958,252	958,252
Receivables	1,795,588	1,795,588	1,324,356	1,324,356
	3,431,003	3,431,003	2,282,608	2,282,608
Financial Liabilities				
Other loans	-	-	573,473	573,473
Trade and sundry creditors	1,455,433	1,455,433	2,034,445	2,034,445
Debtor financing facility	15,936	15,936	15,652	15,652
Lease liabilities	28,808	28,808	42,086	42,086
	1,500,177	1,500,177	2,665,656	2,665,656

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 27: PARENT ENTITY FINANCIAL INFORMATION

a. Summary Financial Information

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

	2016	2015
	$	$
Statement of Financial Position		
Current Assets	486,241	670,188
Total Assets	791,879	760,131
Current Liabilities	107,407	991,674
Total Liabilities	107,407	992,710
Net Assets	684,472	(232,579)
Shareholders' Equity	38,941,375	38,088,583
Accumulated Losses	(38,256,903)	(38,321,162)
Total Equity	684,472	(232,579)
Profit/(Loss) for the year	64,260	(204,431)
Total Comprehensive Income	64,260	(204,431)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 27: PARENT ENTITY FINANCIAL INFORMATION (Cont'd)

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 as at 30 June 2016.

d. Contractual commitments

There were not contractual commitments for the parent entity as at 30 June 2016.

NOTE 28: EVENTS SUBSEQUENT TO REPORTING DATE

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

NOTE 29: 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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Email: mail@rectifiertechnologies.com
Internet: www.rectifiertechnologies.com

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 2016 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 10 of the directors' report (as part of the audited Remuneration Report) for the year ended 30 June 2016, 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 29th day of September 2016

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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 2016, 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' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors 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.

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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, 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 2016 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 10 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of Rectifier Technologies Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Adrian Nathanielsz
Partner - Audit & Assurance

Melbourne, 29 September 2016

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	266
1,001 – 5,000	328
5,001 – 10,000	159
10,001 – 100,000	531
100,001 – 9,999,999,999	329
	1,613

b. The number of shareholdings held in less than marketable parcels is 865.

c. The names of the substantial shareholders listed in the holding company's register as at 30th of June 2016 are:

Shareholder	**Number Ordinary**
Pudu Investments (Aust) Pty Ltd	224,643,616
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	224,643,616	16.83
2.SICHUAN YIMIKANG ENVIRONMENTAL TECHNOLOGIES CO LTD	189,975,136	14.23
3.WEALTH CREATION FINANCIAL INVESTMENT HOLDING LTD	150,000,000	11.23
4.WINTER STORMS LTD	125,068,336	9.37
5.MR LEI LI	68,460,000	5.13
6.JIAN XU < PARAMOUNT INT INVESTMENT A/C>	44,000,000	3.30
7.FINLINK LLC	40,000,000	3.00
8.MR MAKRAM HANNA + MRS RITA HANNA <HANNA & CO P/L SUPER A/C>	37,511,884	2.81
9.VALENTINO FRANCESCO VESCOVI + GLENDA JILL VESCOV	36,021,196	2.70
10.MR MALCOLM ALISTAIR DUNCAN	30,142,545	2.26
11.BOND STREET CUSTODIANS LIMITED <MTGA-I53966 A/C>	25,999,605	1.95
12.NICHOLAS YEOH	21,000,000	1.57
13.MR NIGEL MACHIN	20,000,000	1.50
14.GENISTA COURT PTY LTD	18,225,000	1.37
15.MR PETER HIONG HUO HII	17,383,975	1.30
16.MS CHENCHEN DOU	15,594,848	1.17
17.TOPAZ INVESTMENTS PTE LTD	13,837,650	1.04
18.MR MAKRAM HANNA	11,353,000	0.85
19.MR RAYMOND ROCKMAN + MR ANTHONY ROCKMAN<RAYMOND ROCKMAN S/F A/C>	9,677,106	0.72
20.KANGSAV PTY LIMITED	8,242,471	0.62
Totals: Top 20 holders of ORDINARY SHARES	**1,107,136,368**	**82.92**

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 (2015: 23,400,000) options over unissued shares are on issue.

7. Restricted Securities

Nil

8. On market buy-back

There is no current on market buy back.