RECTIFIER TECHNOLOGIES LTD

ABN: 82 058 010 692

(Formerly ICE CORPORATION LIMITED)

ANNUAL REPORT 2008

COMPANY PARTICULARS

BOARD OF DIRECTORS

Dr. Raymond Shaw
Mr. Malcolm Duncan
Mr. Peter Hii
Mr. Valentino Vescovi
Mr. Wang Ying Ming

SHARE REGISTRY

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford
Victoria 3067
Telephone: 1300 137 328

SECRETARY

Mr. Robert Allen

REGISTERED AND BUSINESS OFFICE

Rectifier Technologies Ltd
18 Joseph Street
BLACKBURN NORTH, VIC. 3130
AUSTRALIA
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BANKERS

HSBC Bank Australia Limited
140 William Street
MELBOURNE, VIC. 3000

MANUFACTURING FACILITY- MALAYSIA

Rectifier Technologies(M) Sdn Bhd
No. 5, Jalan Bistari 7, Taman Industri Jaya
81300 SKUDAI, JOHOR BAHRU
MALAYSIA
Telephone: + 60 7 511 3030
Facsimile: + 60 7 511 1522

FINANCIERS

Scottish Pacific Benchmark Group
Level 2, 441 St Kilda Road
MELBOURNE, VIC. 3004

UNITED KINGDOM OFFICE

Rectifier Technologies (UK) Ltd
Sturmer Rd
HAVERHILL, SUFFOLK CB9 7UU
ENGLAND
Telephone: + 44 1440 706777
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AUDITORS

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd
525 Collins Street
MELBOURNE, VIC. 3000

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CHAIRMAN'S REPORT

Financial Results

Though still clearly short of where we need to be, the full year result for 2008 represented a significant improvement over the corresponding period for 2007. The company recorded a loss of $275,950, compared with a loss of $3,184,472 in the previous corresponding period.

A summary of the financial results for the 12 months to June 2008, compared with those of the previous corresponding period is shown in the table below. The previous period results include a one-off profit on the United Kingdom acquisition of $308,000 and a one-off write-off of the Malaysian goodwill and licenses of $544,000 in the half year to December 2006.

	($'000')	
	2007	**2008**
Revenue	9,384	11,040
Gross Profit	2,257	4,018
Gross Margin %	24.0	36.4
Profit on Acquisition	308	-
EBITDA	(1,401)	533
Amortisation and Depreciation	948	488
Impairment of Assets	597	-
Profit/(Loss) before Tax	(3,064)	(120)
Provision for Tax	120	156
Net Profit/(Loss)	(3,184)	(276)

The major reasons for the significant improvement in the year to June 2008 were:

- Sales growth in both the export and local Australian market.
- A significant improvement in gross margins through focus on higher margin business.
- A reduction in overheads resulting from cost cutting in the Australian operations.
- A full year contribution from the high margin and profitable United Kingdom operation that was acquired in November 2006.
- A reduction in amortisation, depreciation and impairment costs largely as a result of the write-off of the Malaysian goodwill and licences in the half year to December 2006.
- A significant improvement in the operating performance of the Malaysian manufacturing facility following a change in management in June 2007.

Funding

As a result of the significant improvement in operating results the company operated at around cash break even in the year to June 2008. For the first time in its history the company did not need to rely on external funding such as equity issues or director loans, although it should be noted that scheduled repayments on director loans and interest accruing on these loans were deferred.

The company's cashflow has been considerably assisted by the establishment in Australia in 2006 and in the United Kingdom in 2007 of debtor financing facilities for local customers. These facilities have enabled early access to funds usually within a week of invoices being raised. Cashflow has also been significantly improved by moving export customers to more favourable payment terms from the company's perspective.

Despite these improvements cash remains tight and is expected to remain so until sales can be grown sufficiently. In recent months the company has enhanced its sales force and these efforts are expected to bear fruit during the course of the current year.

CHAIRMAN'S REPORT

Going Concern

The financial statements as at 30 June 2008 have been prepared on a going concern basis.

Following the loss of $3,184,472 in the year to June 2007 an opinion was expressed in the 2007 Annual Report as to the inherent uncertainty about the company's ability to continue as a going concern without the support of its financiers and creditors or further funding.

As discussed in the previous sections the company's performance improved significantly in the 2008 year to a near breakeven level of profitability and operating cashflow.

As a result the company did not have to rely on external funding to fund the cash burn that occurred in previous years. Providing the company continues to operate at breakeven or better and it has the support of its financiers and creditors then it is believed it can continue as a going concern. However to repay director loans and improve its balance sheet will require the company to move to a sustained higher level of profitability.

Outlook

The company's focus over the last 12 months has been increasingly towards power supply applications in industrial markets such as utilities, oil and gas, mining and railways, and in so doing, has become less dependent on the highly competitive telecom market segment. This strategy bore fruit in the 2008 year both in terms of sales growth and higher margins. As mentioned previously the company has recently increased its sales force with the aim of further growing sales in these markets. We continue to believe that the company's products are highly regarded and well positioned and that the global demand in several market segments remains very healthy.

Whilst the company is focusing strongly on growing sales and thereby lifting profitability, the recent global economic uncertainty, particularly in key markets of the United States and the United Kingdom combine to make the coming year a continuing challenge.

On behalf of the Board,

Ray Shaw
Chairman
Dated this 22nd day of September 2008

CORPORATE GOVERNANCE STATEMENT

Corporate Governance

The Board of Directors firmly supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council. The Board believes that all concepts have been satisfied, however the Board is realistic with respect to the relative size and nature of the Company and have implemented the recommendations accordingly.

In consultation with its legal advisors, the Company uses its best endeavours to ensure exceptions to the guidelines do not have negative impact on the best interests of shareholders.

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2008.

Role of the Board

The Board is responsible for the corporate governance of the Company and its controlled entities and conducts itself through this governance structure and the Company's constitution.

Matters reserved for the Board includes:

— contributing to and the development of corporate strategy and direction.

— oversight and monitoring of corporate performance and the achievement of the Company's strategic goals and objectives.

— ensuring appropriate risk management.

— ensuring regulatory compliance.

— ensuring the Company's ethical standards and corporate Code of Conduct are met at all times.

There are formal statements as to the delegated authority to management.

Any director with any personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter.

The Board's vehicle to facilitate the identification of significant areas of business risk, implement procedures to manage such risks and to develop policies regarding the establishment and maintenance of appropriate ethical standards is through the Chief Executive Officer and the executive management team. Specifically, this mandate is to:

— ensure compliance in legal, statutory and ethical matters;

— monitor the business environment;

— identify business risk areas;

— identify business opportunities; and

— monitor systems established to ensure prompt and appropriate responses to shareholder complaints and enquiries.

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the director's report. The majority of the Board are non-executive directors comprising Dr. Raymond Shaw, Mr. Malcolm Duncan, Mr. Valentino Vescovi, Mr. Peter Hii and Mr. Wang Yingming . The other Board member, Mr. Lester Doig was an executive director. He resigned 31st March 2008.

The Company's non-executive Chairman is Dr Shaw. The Chairman is responsible for leading the Board and facilitating the relationship with the Company's shareholders and other interested parties.

Due to the size of the Company, there is no formal Nomination Committee as this function is undertaken by the full Board. Should the need arise, the Board would consider the benefits that a particular candidate's expertise and experience would bring to the Company. The Board would then appoint the most suitable candidate who would hold office until shareholder approval is obtained at the next General Meeting.

CORPORATE GOVERNANCE STATEMENT

Directors' Independence

All of the non-executive directors of the Company with the exception of Mr Malcolm Duncan are considered to be independent.

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

— less than 10% of Company shares are held by the director and any entity or individual directly or indirectly associated with the director;

— less than 5% of Company sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and

— none of the directors income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Non-executive directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense. Written approval must be obtained from the chairman prior to incurring any expense on behalf of the Company, however this will not be unreasonably withheld.

Term of Office

The Company's constitution specifies that Relevant Directors must retire at every third Annual General Meeting following their last election. Where eligible, a director may stand for re-election in accordance with the Company's constitution.

Performance Assessment

The collective performance assessment of the Board is on an ongoing matter against both quantitative and qualitative achievements of the Company.

Whilst considering the interests of all stakeholders, the Board puts the collective best interests of shareholders as its main performance criterion. Such quantitative matters are measured on a per share basis.

Trading Policy

The Company's policy regarding directors and employees trading in its securities, is set by the Board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Remuneration Policies

There is no formal Remuneration Committee as this function is undertaken by the full Board.

The Company policies regarding the terms and conditions for remuneration relating to the appointment and retirement of board members are approved by the Board following professional advice.

The remuneration, terms and conditions for the Chief Executive Officer and other senior executives are reviewed and approved by the Board after seeking professional advice.

The amount of remuneration for all directors and key management personnel, including all monetary and non-monetary components, are detailed in the Note 7 to the financial report. All remuneration paid to executives is valued at the cost to the Company and expensed.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, share options and other incentive payments are reviewed by the Board annually as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria.

CORPORATE GOVERNANCE STATEMENT

Audit Committee

Composition, membership and term

The Audit Committee of the Company at the date of this report consists of non-executive directors, the details of which and their attendance at meetings of the Committee are contained in the Directors' Report.

The Audit Committee operates under a charter which is reviewed annually by the Board.

Committee members must have a familiarity with finance and accounting practices and must not have a relationship with the Company or its management that, in the opinion of the Board, would interfere with the exercise of independent judgment in the capacity as an Audit Committee member.

Any Director who is not a member of the Audit Committee has a right of attendance at the Audit Committee meetings unless an item for consideration is one in which the director has a personal interest. The Committee has the right to request the attendance of any Company executive to any meeting.

The audit engagement partner is required to attend any meeting of the Audit Committee. At each meeting, the audit engagement partner also reports to the Committee without the presence of management.

Scope, access and responsibilities

The Committee has direct access to the Company Auditor, has authority to seek any information it requires to carry out its duties from any officer or employee of the Company and has authority to consult any independent professional adviser.

The Committee's responsibilities are to:

— Review all audited financial statements of the Company intended for publication prior to recommending approval by the Board;

— Monitor risk management and internal control structure implemented by management;

— Ensure that the audit approach covers all financial areas where there is risk of material misstatement and that audit activities are carried out throughout the Company in the most effective, efficient and comprehensive manner; and

— Ensure that the auditor meets the required standards for auditor independence and that compliance with the Company's corporate governance policies with respect to the audit function are achieved.

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd were appointed as Company Auditors in November 2005. Refer to Note 8 to the Financial Statements for details of the auditors' remuneration.

Other Information

Further information has been made publicly available on the company's web site at www.rectifiertechnologies.com.

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2008.

Directors

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

Dr. Raymond Shaw

Mr. Lester Doig (resigned 31st March 2008)

Mr. Malcolm Duncan

Mr. Peter Hii

Mr. Valentino Vescovi

Mr. Wang Yingming

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

Company Secretary

The following person held the position of company secretary at the end of the financial year and to the date of this report:

Mr. Robert Allen - Has worked for Rectifier Technologies Ltd since February 2006 and also performs the roles of Chief Financial Officer and Secretary to the Audit Committee. Mr. Allen was appointed Company Secretary on 1st February 2006. He has held similar positions with other listed companies since 1997.

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/(loss) of the group after providing for income tax and eliminating outside equity interests amounted to $275,950 (2007: $3,184,472).

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.

Dividends Paid or Recommended

No dividend was paid during the financial year and no dividend is recommended.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the group occurred during the financial year:

1) In November 2007 Rectifier Technologies (UK) Ltd. entered into a debtor finance facility with the Royal Bank of Scotland. This facility is secured by a first ranking charge over the assets of Rectifier Technologies (UK) Ltd. This facility is in addition to the debtor finance facilities established in Australia with Scottish Pacific Business Finance Pty. Ltd. in July 2006 by Protran Technologies Pty. Ltd. and Rectifier Technologies Pty. Ltd. which are secured by a first ranking charge over the assets of the parent company and these subsidiaries.
2) On 31st March 2008, the CEO, Mr. Lester Doig resigned. He was appointed CEO on 1st May 2007.

After Balance Date Events

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.

Environmental Issues

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

DIRECTORS' REPORT

Information on Directors

Dr. Raymond Shaw	—	Director (Non-executive)
Qualifications	—	Ph. D Chemical Physics, Bachelor of Science (Hons)
Experience	—	Board member since October 2003.
Interest in Shares and Options	—	Nil
Special Responsibilities	—	Chairman of the Audit Committee
Mr. Malcolm Duncan	—	Director (Non-executive)
Experience	—	Board member since January 2003.
Interest in Shares and Options	—	135,068,336 Ordinary Shares of Rectifier Technologies Ltd. 1,320,000 unlisted options to accept ordinary shares at an exercise price of 2¢ each.
Special Responsibilities	—	Member of the Audit Committee
Mr. Peter Hii	—	Director (Non-executive)
Qualifications	—	Bachelor of Electrical Engineering
Experience	—	Board member since November 2004.
Interest in Shares and Options	—	31,221,625 Ordinary Shares of Rectifier Technologies Ltd.
Mr. Valentino (Tino) Vescovi	—	Director (Non-executive)
Qualifications	—	Master of Science, Bachelor of Science
Experience	—	Board member since January 2003.
Interest in Shares and Options	—	17,837,464 Ordinary Shares of Rectifier Technologies Ltd. 7,040,000 unlisted options to accept ordinary shares at an exercise price of 2¢ each.
Special Responsibilities	—	Member of the Audit Committee.
Mr. Wang Ying Ming	—	Director (Non-executive)
Qualifications	—	Ph. D in Science
Experience	—	Board Member since June 2006
Interest in Shares and Options	—	52,975,136 Ordinary Shares of Rectifier Technologies Ltd

Remuneration Report

This report and Note 7 of the financial 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.

DIRECTORS' REPORT

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%, 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 the Monte-Carlo Simulation methodology.

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 executives remuneration package there is 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. 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- 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.

Key Management Personnel Compensation - Consolidated

2008	Short-term employee benefits			Long term employee benefits	Post-employment benefits		Share-based payment	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Long Service Leave	Superannuation	Retirement benefits	Options	Total
	$	$	$	$	$	$	$	$
Parent Entity Directors								
Mr. LG Doig*	76,700	-	4,900	-	75,000	-	13,200	169,800
Dr. RJ Shaw	19,600	-	-	-	1,760	-	-	21,360
Mr. MA Duncan	40,160	-	-	-	-	-	-	40,160
Mr. VF Vescovi	13,080	-	-	-	1,180	-	-	14,260
Mr. PHH Hii	13,080	-	-	-	-	-	-	13,080
Mr. Wang Ying Ming	14,000	-	-	-	-	-	-	14,000
Other Key Management Personnel								
Mr. R. Allen*	63,300	-	-	1,344	90,000	-	4,600	159,244
Dr. RC Sheehy*	128,700	-	15,800	25,565	11,800	-	4,600	186,465
Mr. M. Fitzgerald*	108,000	-	19,300	183	9,700	-	4,600	141,783
Mr. K. Morton*	85,386	39,737	5,688	-	2,633	-	4,600	138,044
	562,006	39,737	45,688	27,092	192,073	-	31,600	898,196

* Top 5 executive salaries

DIRECTORS' REPORT

2007	Short-term employee benefits			Post-employment benefits		Share-based payment	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Retirement benefits	Options	Total
	$	$	$	$	$	$	$
Parent Entity Directors							
Mr. JC Hooper	225,000	-	-	20,000	-	-	245,000
Mr. LG Doig	-	-	3,000	30,000	-	-	33,000
Dr. RJ Shaw	23,000	-	-	2,000	-	-	25,000
Mr. MA Duncan	16,000	-	-	-	-	-	16,000
Mr. VF Vescovi	15,000	-	-	1,000	-	-	16,000
Mr. PHH Hii	14,000	-	-	-	-	-	14,000
Mr Wang Ying Ming	-	-	-	-	-	-	-
Other Key Management Personnel							
Mr. PA Bennett	94,000	-	-	53,000	-	-	147,000
Mr. P Bittisnich	116,000	-	16,000	-	-	-	132,000
Mr. R.Allen	82,000	-	-	60,000	-	-	142,000
Dr. RC Sheehy	118,000	-	12,000	11,000	-	-	141,000
	703,000	-	31,000	177,000	-	-	911,000

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Share-based payment bonuses

During the year options were granted to employees under the Rectifier Technologies Ltd Employee Option Plan (approvals obtained at the 2005 and 2007 AGM's) as follow:

Date	Names	Volume
1st October 2007	8 employees including R.Allen, R. Sheehy and M. Fitzgerald	7,700,000
15th November 2007	L. Doig	4,000,000
1st February 2008	K. Morton	1,400,000
		13,100,000

Subject to Board approval, it is intended that these options be the first of 3 tranches to be granted over 2 years. The terms of the options granted during the year are:
1. Term - 10 years;
2. Issue or exercise price - Nil;
3. Options can only be exercised on or after the 30th September 2008 if during the 12 month period to 30th September 2008 the market price of the company's shares is above 2.2 cents for 20 consecutive days;

At the date of signing this report the exercise conditions of these options will not be met and therefore the options will lapse.

DIRECTORS' REPORT

Share-based payment bonuses (Cont'd)

Name	*Option series*	*No. Granted current year*	*No. Vested current year*	*% Vested in current year*	*Forfeited in current year*	*Available for vesting in future years*
Directors						
Mr LG Doig	Tranche 1	4,000,000	-	-	4,000,000	-
Other key management personnel						
Mr R Allen	Tranche 1	1,400,000	-	-	-	1,400,000
Dr RC Sheehy	Tranche 1	1,400,000	-	-	-	1,400,000
Mr M Fitzgerald	Tranche 1	1,400,000	-	-	-	1,400,000
Mr. K. Morton	Tranche 1	1,400,000				1,400,000
		9,600,000	-	-	4,000,000	5,600,000

Options and rights granted as remuneration

2008	No. options/ rights granted	No. options/ rights vested	Fair value per option/ right at grant date (cents)	Exercise price	Amount paid or payable	Expiry date	Date exercisable
Name							
Directors							
Mr LG Doig	4,000,000	-	0.33	Nil	Nil	30-Sep-17	30-Sep-08
Other key management personnel							
Mr R Allen	1,400,000	-	0.33	Nil	Nil	30-Sep-17	30-Sep-08
Dr RC Sheehy	1,400,000	-	0.33	Nil	Nil	30-Sep-17	30-Sep-08
Mr M Fitzgerald	1,400,000	-	0.33	Nil	Nil	30-Sep-17	30-Sep-08
Mr K. Morton	1,400,000	-	0.33	Nil	Nil	30-Sep-17	30-Sep-08
Other executives	3,500,000	-	0.33	Nil	Nil	30-Sep-17	30-Sep-08
Total	13,100,000	-	0.33	Nil	Nil	30-Sep-17	30-Sep-08

DIRECTORS' REPORT

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 employment 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 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. Analysis of the actual figures shows fluctuating profits/(losses) for each year given the nature of the business and the global market. No dividends have been paid to shareholders over the past five years. Through restructuring and market repositioning, the performance of the company over the last five years has been somewhat volatile. This volatility is considered to be directly reflected in the company's share price. The Board is of the opinion that these results will be gradually improved leading to increased shareholder wealth through improved share prices.

	2004	2005	2006	2007	2008
Revenue ($'000)	8,547	9,201	8,706	9,694	11,040
Net Profit/ (Loss) ($'000)	404	(1,314)	(1,517)	(3,184)	(276)
Share Price at Year-end (cents)	2.0	1.2	0.9	0.8	0.7
Dividends Paid	-	-	-	-	-

Rectifier Technologies Ltd adopted the Australian equivalents to International Financial Reporting Standards with effect from 1 July 2004, which resulted in various changes to its accounting policies from that date. The results for the year ended 30 June 2004 are reported in accordance with Rectifier Technologies Ltd previous accounting policies as permitted under Australian accounting standards as applicable at that time.

Options Issued as Part of Remuneration

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

Employment Contracts of Directors and Senior Executives

The employment conditions of the CEO and specified executives are formalised in contracts of employment.

The employment 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.

End of Remuneration Report.

DIRECTORS' REPORT

Meetings of Directors

During the financial year, 9 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
Dr. Raymond Shaw	9	8	2	2
Mr. Lester Doig	9	9	-	-
Mr. Malcolm Duncan	9	9	2	2
Mr. Valentino Vescovi	9	9	2	2
Mr. Peter Hii	9	4	-	-
Mr. Wang Yingming	9	9	-	-

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 $39,325 for all directors and officers.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or an auditor.

Options

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

Grant Date	Date of Expiry	Exercise Price	Number Under Option
June 2003	No expiry date	2.0¢ per share	13,280,000
November 2003	No expiry date	2.0¢ per share	10,120,000
September 2007	September 2017	Nil	9,100,000
			32,500,000

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

Proceedings on Behalf of the Company

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

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

Non-audit Services

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

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

DIRECTORS' REPORT

Auditors Independence Declaration

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

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

R Shaw

....

Director

Dated this 22nd day of September 2008.

BDO Kendalls

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd
The Rialto, 525 Collins St
Melbourne VIC 3000
GPO Box 4736 Melbourne VIC 3001
Phone 61 3 8320 2222
Fax 61 3 8320 2200
aa.melbourne@bdo.com.au
www.bdo.com.au

ABN 17 114 673 540

22nd September 2008

The Board of Directors
Rectifier Technologies Ltd
18 Joseph Street
Blackburn North VIC 3130

Dear Board Members,

DECLARATION OF INDEPENDENCE BY ERIC PASSARIS TO THE DIRECTORS OF RECTIFIER TECHNOLOGIES LIMITED

As lead auditor of Rectifier Technologies Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit and the entities it controlled during the period.

This declaration is in respect of Rectifier Technologies Limited and the entities it controlled during the period.

Eric W Passaris

Eric Passaris
Director

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd
Chartered Accountants

Melbourne
Dated 22nd September 2008.

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Entity		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
Revenue	2	11,040,348	9,384,227	-	1,000
Other income	2	-	310,000	46,237	-
Changes in inventories of finished goods and work in progress		41,498	(71,181)	-	-
Raw materials and consumables used		(5,348,594)	(5,192,690)	-	-
Employee benefits expense		(4,409,068)	(4,748,784)	(399,781)	(348,575)
Depreciation and amortisation expense	3	(487,916)	(948,000)	(1,172)	(2,000)
Impairment of assets	3	-	(597,000)	-	-
Finance costs	3	(160,633)	(100,044)	(99,275)	(70,118)
Reversal of provision for inter-company receivables	3	-	-	3,018,722	247,000
Bad and doubtful debts	3	(10,336)	(17,000)	(1,775,729)	(3,533,000)
Other expenses		(785,093)	(1,084,000)	(127,235)	(359,501)
Profit/(loss) before income tax expense		(119,794)	(3,064,472)	661,767	(4,065,194)
Income tax expense	4	(156,156)	(120,000)	-	-
Net profit/(loss) attributable to members of the parent entity	25	(275,950)	(3,184,472)	661,767	(4,065,194)
Basic earnings per share (cents per share)	9	(0.05)	(0.66)		
Diluted earnings per share (cents per share)	9	(0.05)	(0.66)		

The accompanying notes form part of these financial statements.

BALANCE SHEETS AS AT 30 JUNE 2008

	Note	Consolidated Entity		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
CURRENT ASSETS					
Cash assets	10	172,500	160,421	225	19,243
Receivables	11	1,816,048	2,070,638	4,998,632	4,123,836
Inventories	12	3,265,279	3,425,052	-	-
TOTAL CURRENT ASSETS		5,253,827	5,656,111	4,998,857	4,143,079
NON-CURRENT ASSETS					
Other financial assets	14	12,903	13,661	-	-
Property, plant and equipment	15	470,384	544,192	3,468	4,640
Intangible assets	16	1,155,863	1,129,327	-	-
TOTAL NON-CURRENT ASSETS		1,639,150	1,687,180	3,468	4,640
TOTAL ASSETS		6,892,977	7,343,291	5,002,325	4,147,719
CURRENT LIABILITIES					
Payables	17	2,656,568	2,801,375	426,223	286,067
Interest bearing liabilities	18	824,109	800,144	793,480	741,824
Tax liabilities	20	165,229	120,000	-	-
Provisions	21	475,939	346,992	37,034	71,346
Other	22	-	4,232	-	-
TOTAL CURRENT LIABILITIES		4,121,845	4,072,743	1,256,737	1,099,237
NON-CURRENT LIABILITIES					
Interest bearing liabilities	18	10,919	18,967	-	-
Provisions	21	6,881	142,740	-	-
TOTAL NON-CURRENT LIABILITIES		17,800	161,707	-	-
TOTAL LIABILITIES		4,139,645	4,234,450	1,256,737	1,099,237
NET ASSETS		2,753,332	3,108,841	3,745,586	3,048,482
EQUITY					
Contributed equity	23	36,749,430	36,749,430	36,749,430	36,749,430
Reserves	24	(25,676)	53,883	35,337	-
Accumulated losses	25	(33,970,422)	(33,694,472)	(33,039,181)	(33,700,948)
TOTAL EQUITY		2,753,332	3,108,841	3,745,586	3,048,482

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Entity		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		11,750,765	9,774,000	-	-
Payments to suppliers and employees		(11,164,785)	(10,905,000)	(491,456)	(334,000)
Dividends received		-	-	-	-
Interest received		-	4,000	-	1,000
Borrowing costs		(61,358)	(74,000)	-	(69,000)
Income tax paid		(64,023)	-	-	-
Other revenue		-	-	-	-
Net cash provided by (used in) operating activities	29a	460,599	(1,201,000)	(491,456)	(402,000)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash acquired on acquisition of subsidiary	29e	-	1,493,000	-	-
Proceeds from sale of property, plant and equipment		20,584	49,000	-	-
Purchase of property, plant and equipment		(54,821)	(212,000)	-	(2,000)
Capitalised R&D expenses		(406,407)	(419,000)	-	-
Loan to controlled entities		-	-	-	-
Loan from controlled entities		-	-	-	58,000
Net cash provided by (used in) investing activities		(440,644)	911,000	-	56,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	-	-	-
Proceeds from borrowings		-	836,000	487,438	836,000
Repayment of borrowings		(15,000)	(473,000)	(15,000)	(473,000)
Net cash provided by (used in) financing activities		(15,000)	363,000	472,438	363,000
Net increase/ (decrease) in cash held		4,955	73,000	(19,018)	17,000
Cash at beginning of the year		160,421	95,421	19,243	2,243
Effect of exchange rates on cash holdings in foreign currencies		7,124	(8,000)	-	-
Cash at end of the year	10	172,500	160,421	225	19,243

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

Consolidated	Note	Share Capital Ordinary $	Accumulated Losses $	Foreign Currency Translation Reserve $	Options Reserve – share base payment $	Total $
Balance at *1.7.2006*		34,873,405	(30,510,000)	39,000	-	4,402,405
Loss attributable to members of parent entity		-	(3,184,472)	-	-	(3,184,472)
Movement in foreign currency translation reserve		-	-	14,883	-	14,883
Total recognised income and expense for the year		34,873,405	(33,694,472)	53,883	-	1,232,816
Shares issued during the year (net of transaction costs)		1,876,025	-	-	-	1,876,025
Balance at *30.06.2007*		36,749,430	(33,694,472)	53,883	-	3,108,841
Balance at *1.7.2007*		36,749,430	(33,694,472)	53,883	-	3,108,841
Loss attributable to members of parent entity		-	(275,950)	-	-	(275,950)
Movement in foreign currency translation reserve		-	-	(114,896)	-	(114,896)
Total recognised income and expense for the year		36,749,430	(33,970,422)	(61,013)	-	2,717,995
Shares issued during the year (net of transaction costs)		-	-	-	-	-
Options reserve – share based payment		-	-	-	35,337	35,337
Balance at *30.06.2008*		36,749,430	(33,970,422)	(61,013)	35,337	2,753,332

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008 (CONTINUED)

Parent	Note	$ Share Capital Ordinary	$ Accumulated Losses	$ Options Reserve – share based payment	$ Total
Balance at *1.7.2006*		34,873,405	(29,635,754)	-	5,237,651
Loss attributable to members of parent entity		-	(4,065,194)	-	(4,065,194)
Movement in foreign currency translation reserve		-	-	-	-
Total recognised income and expense for the year		34,873,405	(33,700,948)	-	1,172,457
Shares issued during the year (net of transaction costs)		1,876,025	-	-	1,876,025
Balance at *30.06.2007*		36,749,430	(33,700,948)	-	3,048,482
Balance at *1.7.2007*		36,749,430	(33,700,948)	-	3,048,482
Loss attributable to members of parent entity		-	661,767	-	661,767
Movement in foreign currency translation reserve		-	-	-	-
Total recognised income and expense for the year		36,749,430	(33,039,181)	-	3,710,249
Shares issued during the year (net of transaction costs)		-	-	-	-
Options reserve – share based payment		-	-	35,337	35,337
Balance at *30.06.2008*		36,749,430	(33,039,181)	35,337	3,745,588

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Rectifier Technologies Ltd as an individual entity and the consolidated entity consisting of Rectifier Technologies Ltd and its subsidiaries.

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

(a) Basis of preparation

The consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS).

Compliance with AIFRS ensures that the consolidated entity and company financial statements and notes comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention except for available for sale financial assets which are carried at fair value.

(b) Principles of Consolidation

A controlled entity is any entity controlled by Rectifier Technologies Ltd whereby Rectifier Technologies Ltd has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests, if they were applicable, in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Subsidiaries are accounted for in the parent entity financial statements at cost.

(c) Income Tax

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is debited or credited in the income statement except where it relates to items that are credited or debited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and will continue to comply with the conditions of deductibility imposed by the law.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the group is able to control the reversal of the temporary differences and it is possible that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and that they are expected to reverse in the foreseeable future.

Rectifier Technologies Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Rectifier Technologies Ltd is responsible for recognising the current tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: Summary of significant accounting policies (Cont'd)

(d) Inventories

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.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 the income statement 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 each balance sheet date.

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 the income statement. When revalued assets are sold, amounts included in a revaluation reserve relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: Summary of significant accounting policies (Cont'd)

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development

Under AASB 138: Intangible Assets, costs associated with the research phase of the development of an asset must be expensed. Where no intangible asset can be recognised, development expenditure is recognised as an expense 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 which has been assessed as 4 years. 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.

Under AASB 120: Accounting for Government Grants and Disclosure of Government Assistance, government grants for the development of intangible assets are offset against the carrying value of the asset. Subsequent amortisation charges are based on the reduced value.

Licenses

Licenses are recorded at cost less accumulated amortisation and, where considered applicable by directors, adjusted to their estimated recoverable values. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Under AIFRS these assets are subject to an annual impairment test.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: Summary of significant accounting policies (Cont'd)

(h) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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 marketing assessments of the time value of money and the risks specific to the asset.

Impairment testing is performed at least annually for goodwill and intangible assets with indefinite lives.

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

(i) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed of.

(j) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. 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.

(k) 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.

(l) Cash and Cash Equivalents

Cash 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: Summary of significant accounting policies (Cont'd)

(m) Revenue

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 upon the delivery of goods to customers.

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

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

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Going Concern

The financial statements as at 30 June 2008 have been prepared on a going concern basis.

Following the loss of $3,184,472 in the year to June 2007 an opinion was expressed in the 2007 Annual Report as to the inherent uncertainty about the group's ability to continue as a going concern without the support of its financiers and creditors or further funding.

As discussed in the previous sections the group's performance improved significantly in the 2008 year to a near breakeven level of profitability and operating cashflow.

As a result the group did not have to rely on external funding to fund the cash burn that occurred in previous years. Providing the group continues to operate at breakeven or better and it has the support of its financiers and creditors then the directors believe it can continue as a going concern. However to repay director loans and improve its balance sheet will require the group to move to a sustained higher level of profitability.

(o) Finance Costs

All finance costs are recognised in the income statement in the period in which they are incurred.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

(r) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are mandatory for 30 June 2008 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB8:Operating Segments

AASB8 replaces the disclosure requirements of AASB 114: Segment Reporting and is applicable to annual reporting periods commencing on or after 1 January 2009. The economic entity expects to adopt the new standard at this date. Application will not affect any of the amounts recognised in the financial report but disclosures will be significantly different to what is currently reported for the business segments.

(ii) AASB101: Presentation of Financial Statements

The revised version of AASB101 results from the International Accounting Standards Board reissuing IAS1:Presentation of Financial Statements in September 2007. The revised standard is applicable for annual reporting periods commencing on or after 1 January 2009 and the standard will be adopted from that date. Application is not expected to affect any of the amounts recognised in the financial report but will have a significant effect on the way financial statements are presented and result in various changes to names of individual financial statements.

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the consolidated entity and the company:

• AASB 3 'Business Combinations'	Effective for annual reporting periods beginning on or after 1 July 2009
• AASB 119 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	Effective for annual reporting periods beginning on or after 1 January 2008

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Note 1: Summary of significant accounting policies (Cont'd)

• AASB 123 'Borrowing Costs' – revised standard	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 127 'Consolidated and Separate Financial Statements'	Effective for annual reporting periods beginning on or after 1 July 2009
• AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	Effective for annual reporting periods beginning on or after 1 January 2008
• AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB Interpretation 4 ' Determining whether an arrangement contains a lease' (revised)	Effective for annual reporting periods beginning on or after 1 January 2008
• AASB Interpretation 12 ' Service Concession Arrangements'	Effective for annual reporting periods beginning on or after 1 January 2008
• AASB Interpretation 13 'Customer Loyalty Programmes'	Effective for annual reporting periods beginning on or after 1 July 2008
• AASB Interpretation 129 'Service Concession Arrangements: Disclosure' (revised)	Effective for annual reporting periods beginning on or after 1 January 2008
• AASB Interpretation 14 'AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements And their Interaction'	Effective for annual reporting periods beginning on or after 1 January 2008
• AASB 2008-1 'Amendments to Australian Accounting Standards – Share based Payments: Vesting Conditions and Cancellations'	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation'	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Effective for annual reporting periods beginning on or after 1 July 2009
• AASB 2008-5 and 2008-6 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Effective for annual reporting periods beginning on or after 1 January 2009
• Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards'	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 2008 - 7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 15 Interpretation 'Agreements for the Construction of Real Estate'	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 16 Interpretation 'Hedges of a Net Investment in a Foreign Operation'	Effective for annual reporting periods beginning on or after 1 October 2008

The directors anticipate that the adoption of these Standards and Interpretations will have no material financial impact on the financial statements of the company or the Group.

These standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: Summary of significant accounting policies (Cont'd)

(s) Financial assets

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (eg trade receivables), but also incorporate other types of contractual monetary asset.

Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment that the Group will be unable to collect all of the amounts due under the terms receivable. For trade receivables, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, 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.

(t) Financial liabilities measured at amortised cost

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

(u) 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.

(v) Investment in associates

Associates are all the entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The group's investment in associates include goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the group's share of losses in associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1: Summary of significant accounting policies (Cont'd)

(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 the income statement with a corresponding adjustment to equity.

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

(x) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with AIFRS 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:

i) Impairment testing of intangible assets (Note 16).

ii) Impairment testing if inter-company receivable balances of the parent entity (Note 11).

iii) Valuation of share options (Remuneration Report).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Entity		Parent Entity	
NOTE 2: REVENUE		2008 $	2007 $	2008 $	2007 $
Revenue – Continuing activities					
— sale of goods		10,638,222	9,073,592	-	-
— licensing/royalties		402,126	203,135	-	-
— interest received	2a	-	4,000	-	1,000
— sundry income		-	103,500	-	-
		11,040,348	9,384,227	-	1,000
Other income – Continuing activities					
— Excess of fair value of identifiable assets, liabilities and contingent liabilities over cost of acquisition		-	308,000	-	-
— Profit on sale of property, plant and equipment		-	2,000	-	-
— Net Foreign exchange gain (net loss in 2007 – see Note 3) recognised in loss before income tax for the year (as either other income or expense)		-	-	46,237	
		-	310,000	46,237	
Total Revenue and other income		11,040,348	9,694,227	46,237	1,000
a. Interest revenue from:					
— other persons		-	4,000	-	1,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 3: LOSS FROM CONTINUING ACTIVITIES

	Note	Consolidated Entity		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
Loss from continuing activities before income tax has been determined after					
a. **Expenses**					
Cost of sales		7,015,813	7,106,000	-	-
Borrowing costs:					
— directors and director-related entities		99,275	70,940	99,275	69,118
— other persons		61,358	29,104	-	1,000
Total borrowing costs		160,633	100,044	99,275	70,118
Depreciation of non-current assets:					
— plant and equipment		78,356	102,000	1,172	2,000
Total depreciation		78,356	102,000	1,172	2,000
Amortisation of non-current assets:					
— leasehold improvements		10,817	9,000	-	-
— leased plant and equipment		18,872	25,000	-	-
— capitalised development expenditure		379,871	654,000	-	-
— intellectual property		-	158,000	-	-
Total amortisation		409,560	846,000	-	-
Total depreciation and amortisation expense		487,916	948,000	1,172	2,000
Impairment of assets					
— goodwill		-	353,000	-	-
— capitalised development expenditure		-	53,000	-	-
— licences		-	191,000	-	-
Total impairment losses		-	597,000	-	-
Bad and doubtful debts:					
— trade debtors		10,336	17,000	-	-
— wholly owned subsidiaries		-	-	1,775,729	3,533,000
Total bad and doubtful debts		10,336	17,000	1,775,729	3,533,000
Rental expense on operating leases					
— minimum lease payments		244,015	216,000	-	-
Net foreign exchange loss recognised in loss before income tax for the year		24,862	165,000	-	149,000
Development costs incurred and deferred to future financial years before crediting any related grants	16	406,407	447,352	-	-
b. **Significant Revenues and Expenses**					
The following significant revenue and expense items are relevant in explaining the financial performance:					
Reversal of provision for inter-company receivables		-	-	3,018,722	247,000
Profit on acquisition of UK assets		-	308,000	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Economic Entity		Parent Entity	
NOTE 4: INCOME TAX EXPENSE	2008 $	2007 $	2008 $	2007 $
Current tax	156,156	120,000	-	-
Deferred tax	-	-	-	-
	156,156	120,000	-	-
The prima facie tax on profit (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:				
Profit (Loss) before income tax	(119,794)	(3,064,472)	661,767	(4,065,194)
Prima facie tax payable on profit/ (loss) from ordinary activities before income tax at 30% (2007: 30%)				
— economic entity	(35,938)	(919,200)	-	-
— parent entity	-	-	204,530	(1,219,500)
— other members of the income tax consolidated group net of intercompany transactions	-	-	-	-
Add:				
Tax effect of:				
— non-deductible depreciation and amortisation	71,537	338,802	-	-
— other non-allowable items	12,728	7,508	5,436	5,676
— other allowable items	(30,947)	(32,464)	(30,947)	(32,464)
— research and development expenses	-	-	-	-
Under/(over) provision for income tax in prior year	-	-	-	-
	17,380	(605,354)	179,019	(1,246,288)
Less:				
Tax effect of:				
— Rebateable dividends	-	-	-	-
— Deferred Tax Liabilities/ Deferred Tax Assets not brought to account	1,300	121,242	(396,510)	1,102,718
— Effect of lower tax rates of tax on overseas income	-	-	-	-
Tax effect of current/prior year losses not brought to account	(18,680)	484,112	217,491	143,570
Recoupment of prior year tax losses not previously brought to account	-	-	-	-
Income tax expense/(recovery) attributable to profit/ (loss) from overseas subsidiary ordinary activities before income tax not forming part of the tax consolidation group	156,156	120,000	-	-
Allocation of income tax expense to wholly-owned subsidiaries under the tax sharing agreement	-	-	-	-
Income tax attributable to entity	156,156	120,000	-	-
Unused revenue/losses for which no deferred tax asset recognised	4,781,588	4,592,735	4,132,331	3,407,361
Unused capital losses for which no deferred tax asset recognised	18,409,594	18,409,594	18,409,594	18,409,594
Potential tax benefit @ 30%	6,957,355	6,900,699	6,762,578	6,545,087

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 5: DIVIDENDS

No dividend was paid during the financial year and no dividend is recommended.

	Parent Entity	
	2008	2007
	$	$
Adjusted franking account balance (tax paid basis)	487,000	487,000

NOTE 6: DISCONTINUING OPERATIONS

The consolidated entity did not dispose of any business or operations during the year.

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

Dr. RJ Shaw	Chairman – Non-Executive
Mr LG Doig	Managing Director/Chief Executive (Resigned 31st March 2008)
Mr. MA Duncan	Director – Non-Executive
Mr. VF Vescovi	Director – Non-Executive
Mr. PHH Hii	Director – Non-Executive
Mr. Wang Ying Ming	Director – Non-Executive

Other Key Management Personnel

Mr. RC Allen	Chief Financial Officer/ Company Secretary
Dr. RC Sheehy	Sales Manager
Mr. M. Fitzgerald	Director of Engineering
Mr. K. Morton	General Manager – Rectifier Technologies (UK) Limited

b. Key Management Personnel Compensation

	Consolidated		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Short-term employee benefits	647,431	734,000	244,820	378,000
Long-term employee benefits	27,092	-	1,344	-
Post-employment benefits	192,073	177,000	167,940	113,000
Share-based payments	31,600	-	17,800	-
	898,196	911,000	431,904	491,000

The detailed remuneration disclosures can be found in the audited remuneration report on pages 8 and 9.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 7: KEY MANAGEMENT PERSONNEL (Cont'd)

c. Options and Rights Holdings

2008

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

	Balance 1.7.07	Options Exercised	Net Change Other	Balance 30.6.08	Total Vested 30.6.08	Total Exercisable	Total Unexercisable
Parent Entity Directors							
Mr LG Doig	-	-	-	-	-	-	-
Dr. RJ Shaw	-	-	-	-	-	-	-
Mr. MA Duncan *	1,320,000	-	-	1,320,000	1,320,000	1,320,000	-
Mr. VF Vescovi *	7,040,000	-	-	7,040,000	7,040,000	7,040,000	-
Mr. PHH Hii	-	-	-	-	-	-	-
Mr. Wang Ying Ming	-	-	-	-	-	-	-
Other Key Management Personnel of the Group							
Mr. R Allen	-	-	1,400,000	1,400,000	-	-	1,400,000
Dr. RC Sheehy	-	-	1,400,000	1,400,000	-	-	1,400,000
Mr. M. Fitzgerald	-	-	1,400,000	1,400,000			1,400,000
Mr. K Morton	-	-	1,400,000	1,400,000	-	-	1,400,000
Total	8,360,000	-	5,600,000	13,960,000	8,360,000	8,360,000	5,600,000

2007

Number of share options of Rectifier Technologies Ltd held by Key Management Personnel

	Balance 1.7.06	Options Exercised	Net Change Other	Balance 30.6.07	Total Vested 30.6.07	Total Exercisable	Total Unexercisable
Parent Entity Directors							
Mr. JC Hooper	-	-	-	-	-	-	-
Dr. RJ Shaw	-	-	-	-	-	-	-
Mr. MA Duncan*	1,320,000	-	-	1,320,000	1,320,000	1,320,000	-
Mr. VF Vescovi*	7,040,000	-	-	7,040,000	7,040,000	7,040,000	-
Mr. PHH Hii	-	-	-	-	-	-	-
Mr Wang Ying Ming	-	-	-	-	-	-	-
Other Key Management Personnel of the Group							
Mr. P Bittisnich	-	-	-	-	-	-	-
Mr. PA Bennett	4,000,000	-	-	4,000,000	4,000,000	4,000,000	-
Mr. RC Allen	-	-	-	-	-	-	-
Dr. RC Sheehy	400,000	-	(400,000)	-	-	-	-
Total	12,760,000	-	(400,000)	12,360,000	12,360,000	12,360,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 7: KEY MANAGEMENT PERSONNEL (Cont'd)

d. Shareholdings

2008

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

	Balance 1.7.07	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.6.08
Parent Entity Directors					
Mr LG Doig	-	-	-	-	-
Dr. RJ Shaw	-	-	-	-	-
Mr. MA Duncan	135,068,336	-	-		135,068,336
Mr. VF Vescovi	17,837,464	-	-	-	17,837,464
Mr. PHH Hii	31,221,625	-	-	-	31,221,625
Mr. Wang Ming	52,975,136	-	-	-	52,975,136
Other Key Management Personnel					
Mr. R Allen	-	-	-	-	-
Dr. RC Sheehy	23,500	-	-	-	23,500
Mr. M Fitzgerald	-	-	-	-	-
Mr. K Morton	-	-	-	-	-
Total	237,126,061	-	-		237,126,061

2007

	Balance 1.7.06	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.6.07
Mr. JC Hooper	3,992,303	-	-	-	3,992,303
Mr LG Doig	-	-	-	-	-
Mr. RJ Shaw	-	-	-	-	-
Mr. MA Duncan	10,000,000	-	-	125,068,336	135,068,336
Mr. VF Vescovi	17,837,464	-	-	-	17,837,464
Mr. PHH Hii	31,221,625	-	-	-	31,221,625
Mr. Wang Ming	52,975,136	-	-	-	52,975,136
Other Key Management Personnel					
Mr. P Bittisnich	-	-	-	-	-
Mr. PA Bennet	2,272,800	-	-	-	2,272,800
Mr. R Allen	-	-	-	-	-
Dr. RC Sheedy	23,500	-	-	-	23,500
	118,322,828	-	-	125,068,336	243,391,164

* Net Change other refers to shares purchased or sold during the financial year.

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 31.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 8: AUDITORS REMUNERATION

	Consolidated Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
(a) Audit services				
BDO Kendalls Australian firm				
Audit and review of financial reports	77,944	52,000	77,944	52,000
Non-BDO Kendalls audit firms for the review of financial reports of any entities in the Group	29,516	14,000	-	14,000
Total remuneration for audit services	107,460	66,000	77,944	66,000
Taxation services				
Related practice of BDO Kendalls Australian firm				
Tax compliance services	13,014	10,000	13,014	10,000
Total remuneration for taxation services	13,014	10,000	13,014	10,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 9: EARNINGS PER SHARE	Consolidated Entity 2008 $	Consolidated Entity 2007 $
(a) Reconciliation of earnings to net profit or loss		
Net profit/ (loss)	(275,950)	(3,184,472)
Earnings used in the calculation of basic and dilutive EPS	(275,950)	(3,184,472)
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	531,211,104	483,107,530
Weighted average number of options outstanding	38,583,333	44,608,333
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	569,794,437	527,715,863
(c) Classification of securities		
The following securities have been classified as potential ordinary shares and are included in determination of dilutive EPS:		
— options outstanding at year end	32,500,000	43,400,000
The options outstanding are not included in the calculation of diluted earnings per share because they are anti-dilutive for the years ended 30 June 2007 and 2008.		

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
NOTE 10: CASH ASSETS					
Cash on hand		1,500	2,000	-	-
Cash at bank		171,000	158,421	225	19,243
		172,500	160,421	225	19,243
Reconciliation of Cash					
Cash 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		172,500	160,421	225	19,243
NOTE 11: RECEIVABLES					
CURRENT					
Trade debtors *		1,548,125	1,897,692	-	-
Provision for doubtful debts (a)		(27,336)	(17,000)	-	-
		1,520,789	1,880,692	-	-
Other debtors		172,473	95,423	-	-
Amounts receivable from:					
— wholly owned subsidiaries		-	-	4,981,107	4,104,173
Prepayments		122,786	94,523	17,525	19,663
		1,816,048	2,070,638	4,998,632	4,123,836

Included in trade debtors of $1,548,125 (2007: $1,897,692) are debts which have been assigned to financing companies in Australia and the United Kingdom. The company had received advances of $651,201 (2007: $213,301) against these debts which are included within the debtor financing facility disclosed in note 17 to the financial statements.

(a) Movements in the provision for doubtful debts are as follows:

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
At 1 July	17,000	-	-	-
Provision for doubtful debts recognised during the year	10,336	17,000	-	-
	27,336	17,000	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 11: RECEIVABLES (Cont'd)

(1) The maximum exposure to credit risk for trade receivables at balance date (before netting off debtor finance) by geographic region is as follows:

Australia	504,265	427,835	-	-
United Kingdom	644,353	654,237	-	-
USA	85,300	267,172	-	-
Malaysia	-	135,950	-	-
Others	286,871	395,498	-	-
Total	1,520,789	1,880,692	-	-

(2) Past due analysis of trade receivables is as follows:

	Not past due		Past due 30 days		Past due 60 days		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$
Australia	261,845	226,499	164,293	129,382	78,127	31,400	504,265	387,281
United Kingdom	248,260	471,454	338,004	180,266	58,089	2,517	644,353	654,237
USA	85,300	223,487	-	35,542	-	8,143	85,300	267,172
Malaysia	-	98,166	-	23,579	-	14,205	-	135,950
Others	200,233	163,220	75,082	120,598	11,556	152,234	286,871	436,052
Total	795,638	1,182,826	577,379	489,367	147,772	208,499	1,520,789	1,880,692

There are currently no renegotiated credit terms applicable to the 2008 trade receivables.

(3) The amounts receivable by the parent entity from wholly owned subsidiaries are as follows:

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		$	$	$	$
Protran Technologies Pty. Ltd.		-	-	778,865	1,062,117
Rectifier Technologies Pacific Pty. Ltd.		-	-	4,202,242	1,836,456
Rectifier Technologies (M) Sdn Bhd		-	-	-	779,600
Rectifier Technologies (UK) Ltd.		-	-	-	426,000
Total		-	-	4,981,107	4,104,173

The loans by the parent company to subsidiaries are repayable at call and no interest is charged.

NOTE 12: INVENTORIES

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		$	$	$	$
Raw materials		1,465,674	1,965,000	-	-
Work in progress		479,889	425,000	-	-
Finished goods		1,319,716	1,036,052	-	-
At cost		3,265,279	3,426,052	-	-

Inventory expense

Change of inventories recognised as income during the year ended 30 June 2008 (and 2007) amounted to $41,498 (2007($71,181)). The income has been included in 'changes in inventories of finished goods and work in progress' in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 13: CONTROLLED ENTITIES

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

Name	Country of Incorporation	Percentage Owned (%) 2008	2007
Parent Entity:			
Rectifier Technologies Ltd	Australia	-	-
Subsidiaries of Rectifier Technologies Ltd:			
Protran Technologies Pty Ltd	Australia	100	100
Rectifier Technologies Pacific Pty Ltd	Australia	100	100
ICERT Power Pty Ltd	Australia	100	100
ICERT Pty Ltd	Australia	100	100
Cherny Share Plan Nominees Pty Ltd	Australia	100	100
ICERT Inc.	USA	100	100
Rectifier Technologies (M) Sdn Bhd	Malaysia	100	100
Rectifier Technologies (UK) Ltd	United Kingdom	100	100

NOTE 14: OTHER FINANCIAL ASSETS

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
NON-CURRENT				
Unlisted investments				
— Shares in controlled entities (Note 13)			1,837,855	1,837,855
— Available for sale financial assets shares in other corporations	12,903	14,000	-	-
	12,903	14,000	1,837,855	1,837,855
Less: Provision for Impairment			(1,837,855)	(1,837,855)
	12,903	14,000	-	-

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Plant and equipment				
At cost	1,489,669	1,776,000	33,469	36,640
Accumulated depreciation	(1,155,789)	(1,398,000)	(30,001)	(32,000)
	333,881	378,000	3,468	4,640
Leasehold improvements				
At cost	110,363	110,100	-	-
Accumulated amortisation	(33,081)	(22,000)	-	-
	77,282	88,100	-	-
Leased plant and equipment				
Capitalised leased assets	171,249	171,092	-	-
Accumulated amortisation	(112,029)	(93,000)	-	-
	59,222	78,092	-	-
Total Property, Plant and Equipment	470,384	544,192	3,468	4,640

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 15: PROPERTY, PLANT AND EQUIPMENT (Cont'd)

a. **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

2008	Plant and Equipment	Leasehold Improvements	Leased Plant and Equipment	Total
	$	$	$	$
Consolidated Entity:				
Balance at the beginning of year	378,000	88,100	78,092	544,192
Additions	54,821	-	-	54,821
Disposals	(20,584)	-	-	(20,584)
Depreciation/amortisation expense	(78,356)	(10,817)	(18,872)	(108,045)
Carrying amount at the end of year	333,881	77,283	59,220	470,384
Parent Entity:				
Balance at the beginning of year	4,640	-	-	4,640
Additions	-	-	-	-
Depreciation expense	(1,172)	-	-	(1,172)
Carrying amount at the end of year	3,468	-	-	3,468

2007	Plant & Equipment	Leasehold Improvements	Leased Plant & Equipment	Total
Consolidated Entity:	$	$	$	$
Balance at the beginning of year	339,000	49,000	130,092	518,192
Additions	157,000	48,000	7,000	212,000
Disposals	(16,000)	-	(34,000)	(50,000)
Depreciation/amortisation expense	(102,000)	(9,000)	(25,000)	(136,000)
Carrying amount at the end of year	378,000	88,000	78,092	544,192
Parent Entity:				
Balance at the beginning of year	6,640	-	-	6,640
Depreciation expense	2,000	-	-	2,000
Carrying amount at the end of year	4,640	-	-	4,640

In regard to the carrying values of property, plant and equipment of $470,384, the equipment is used across the full range of Rectifier Technologies products and represents an unimpaired value to the Group contributing to increased manufacturing sales in the year and into the foreseeable future. These assets are critical to the future profitable sales of all products the Group manufactures.

Refer to Note 18 for information on non-current assets pledged as security by the parent entity and its controlled entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 16: INTANGIBLE ASSETS

	Licenses	Capitalised Development	Goodwill	Total
	$	$	$	$
Year ended 30 June 2007				
Opening carrying amount	349,000	1,417,327	353,000	2,119,327
Additions	-	419,000	-	419,000
Impairment charge	(191,000)	(53,000)	(353,000)	(597,000)
Amortisation charge	(158,000)	(654,000)		(812,000)
Closing carrying amount	-	1,129,327	-	1,129,327
At 30 June 2007				
Cost	705,000	3,700,327	353,000	4,758,327
Accumulated amortisation and impairment	(705,000)	(2,571,000)	(353,000)	(3,629,000)
Carrying amount	-	1,129,327	-	1,129,327
Year ended 30 June 2008				
Opening carrying amount	-	1,129,327	-	1,129,327
Additions	-	406,407	-	406,407
Impairment charge	-	-	-	-
Amortisation charge	-	(379,871)	-	(379,871)
Closing carrying amount	-	1,155,863	-	1,155,863
At 30 June 2008				
Cost	-	4,106,734	-	4,106,334
Accumulated amortisation and impairment	-	(2,950,871)	-	(2,950,871)
Carrying amount	-	1,155,863	-	1,155,863

The impairment losses on goodwill, licenses and capitalised development costs are included in a separate line disclosed as impairment of intangible assets in the income statement.

Impairment tests for goodwill

Goodwill is allocated to the consolidated entity's cash-generating units (CGUs) identified according to business segment and country of operation. The goodwill related to the manufacturing and licensing operations of Rectifier Technologies (M) Sdn Bhd in Malaysia was fully impaired in the 2007 year.

Impairment charge

The recoverable amounts of cash-generating units (CGUs) are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 5 year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates that do not exceed the long-term average growth rate for the business in which the CGUs operate. Cash flows have been discounted at a rate of 15% (2007:10%).

The impairment change for capitalised development costs in 2007 arose in the manufacturing operations in Australia. This relates to the older products that are no longer expected to have a known and profitable market. Refer to additional comments in Note 1(h).

The impairment losses on goodwill, licenses and research and development are included in a separate line disclosed as impairment of intangible assets in the income statement.

In regard to capitalised development expenditure of $1,155,863 the only expenditure capitalised is on the latest products designed, licensed and manufactured by Rectifier Technologies. Our products are grouped according to generational family categories. The current RT7, RT8, RT9, RT10 and RT11 designs with associated CSU and WebCSU software are considered "generation 3" products. All expenditure in Generations 1 and 2 have been written off. These markets include an extended presence in the mining, oil & gas, industrial, power generation and power distribution where our existing designs can be easily extended to form new higher voltage product derivatives. Additionally, we will continue to expand our base product line to include higher levels of power density and system integration meeting our base market's trends.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
NOTE 17: PAYABLES					
CURRENT					
Unsecured liabilities					
Trade creditors		1,288,579	1,979,074	78,238	118,067
Amount payable to: Wholly owned subsidiary		-	-	55,058	-
Sundry creditors and accrued expenses		716,793	610,000	292,927	168,000
		2,005,372	2,589,074	426,223	286,067
Secured liabilities					
Debtor financing facility		651,201	213,301	-	-
		651,201	213,301	-	-
		2,656,573	2,802,375	426,223	286,067

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
NOTE 18: INTEREST BEARING LIABILITIES					
CURRENT					
Secured liabilities					
Loans					
— director related entities	18a	793,480	741,824	793,480	741,824
Lease liability	18a	30,629	58,320	-	-
		824,109	800,144	793,480	741,824
NON-CURRENT					
Secured liabilities					
Lease liability	18a	10,919	18,967	-	-
		10,919	18,967	-	-
		835,028	819,111	793,480	741,824
a. Total current and non-current secured liabilities:					
Loans	18b	793,480	741,824	793,480	741,824
Lease liability	18c	41,549	77,287	-	-
		835,029	819,111	793,480	741,824

b. The loans of the parent entity at 30 June 2008 were secured by separate second-ranking registered charges over the assets of the parent entity and its controlled entities. As at 30 June 2008, the above loans were comprised of $450,000 and GBP 100,000 principal and accumulated interest of $154,674. These short-term loans are subject to rollover on a monthly basis.

c. The outstanding leases at balance date were secured by the underlying asset value in the respective leased motor vehicles and operating equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 19: MATURITY ANALYSIS

2008

Financial Liabilities	Contractual Amount	< 6 mths	6 – 12 mths	1 – 3 years	> 3 years
a. Consolidated Entity:					
Trade creditors	1,288,574	1,288,574	-	-	-
Other creditors	716,793	716,793	-	-	-
Loans	793,480	793,480	-	-	-
Debtor financing facility	651,201	651,201	-	-	-
Finance lease liabilities	41,549	15,315	15,315	10,919	-
Total	3,491,597	3,465,363	15,315	10,919	-
b. Parent Entity:					
Trade Creditors	78,238	78,238	-	-	-
Other Creditors	292,927	292,927	-	-	-
Loans	793,480	793,480	-	-	-
Finance lease liabilities	-	-	-	-	-
Total	1,164,645	1,164,645	-	-	-

2007

Financial Liabilities	Contractual Amount	< 6 mths	6 – 12 mths	1 – 3 years	> 3 years
a. Consolidated Entity:					
Trade creditors	1,979,074	1,979,074	-	-	-
Other creditors	610,000	610,000	-	-	-
Loans	741,824	741,824	-	-	-
Debtor financing facility	213,301	213,301	-	-	-
Finance lease liabilities	77,287	29,160	29,160	18,967	-
Total	3,621,486	3,573,359	29,160	18,967	-
b. Parent Entity					
Trade Creditors	118,067	118,067	-	-	-
Other Creditors	168,000	168,000	-	-	-
Loans	741,824	741,824	-	-	-
Finance lease liabilities	-	-	-	-	-
Total	1,027,891	1,027,891	-	-	-

NOTE 20: TAX LIABILITIES

	Consolidated Entity		Parent Entity	
CURRENT	2008	2007	2008	2007
	$	$	$	$
Provision for income tax	156,156	120,000	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
NOTE 21: PROVISIONS					
CURRENT					
Employee entitlements	21a	475,939	346,992	37,034	71,346
NON-CURRENT					
Employee entitlements	21a	6,881	142,740	-	-
a. Aggregate employee entitlements liability		482,820	489,732	37,034	71,346
b. Number of employees at year-end		149	157	3	5
NOTE 22: OTHER LIABILITIES					
CURRENT					
Deferred grant revenue		-	4,232	-	-
NOTE 23: CONTRIBUTED EQUITY					
a. **Ordinary shares**					
At the beginning of the reporting period		36,749,430	34,873,405	36,749,430	34,873,405
Shares issued during the year					
-15th November 2006		-	1,876,025	-	1,876,025
At reporting date		36,749,430	36,749,430	36,749,430	36,749,430

	Issue price per share	Number	Number	Number	Number
At the beginning of reporting period		531,211,104	406,142,768	531,211,104	406,142,768
Shares issued during year					
-15th November 2006	1.5c		125,068,336		125,068,336
At reporting date		531,211,104	531,211,104	531,211,104	531,211,104

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 23: CONTRIBUTED EQUITY (Cont'd)

b. 13,100,000 options were granted during the year under the Employee Option Plan. Of these options 4,000,000 also lapsed during the year.
At 30th June 2008 there were 32,500,000 (2007: 43,400,000) options outstanding.

c. The Company has established the Rectifier Technologies Ltd Senior Staff Ownership Plan and the Rectifier Technologies Ltd Staff Share Ownership Plan. Eligible employees are entitled to acquire ordinary shares at a fixed cost per share. As at 30 June 2008, 796,655 (2007: 796,655) ordinary shares have been allocated to these schemes. Some shares acquired by employees are funded by interest free loans, which are repayable on cessation of employment with the consolidated entity. The balance of the loans has been written down to nil, being the estimated recoverable amount.

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 (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet (including minority interest) plus net debt.

The gearing ratios at 30 June 2008 and 30 June 2007 were as follows:

		Consolidated		Parent Entity	
	Notes	2008 $	2007 $	2008 $	2007 $
Total borrowings	17, 18	3,491,602	3,621,486	1,219,703	1,027,911
Less: cash and cash equivalents	10	(172,500)	(160,421)	(225)	(19,243)
Net debt		3,319,096	3,461,065	1,164,420	1,008,648
Total Equity		2,753,332	3,108,841	3,745,588	3,048,482
Total Capital		6,072,434	6,569,906	4,965,066	4,057,130
Gearing Ratio		55%	53%	24%	25%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
NOTE 24: RESERVES					
Options					
Opening balance		-	-	-	-
Option reserve – Share based payment		35,337	-	35,337	-
Closing Balance		35,337	-	35,337	-
The option reserve records the fair value of options issued and exerciseable.					
Foreign currency translation					
Opening balance		53,883	39,000	-	-
Adjustment arising from the translation of foreign controlled entities' financial statements		(114,896)	14,883	-	-
Closing balance		(61,013)	53,883	-	-
Total		(25,676)	53,883	35,337	-

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
NOTE 25: ACCUMULATED LOSSES				
Accumulated losses at the beginning of the financial year	(33,694,472)	(30,510,000)	(33,700,948)	(29,635,754)
Net profit/loss attributable to the members of the parent entity	(275,950)	(3,184,472)	661,767	(4,065,194)
Accumulated losses at the end of the financial year	(33,970,422)	(33,694,472)	(33,039,181)	(33,700,948)

NOTE 26: CAPITAL AND LEASING COMMITMENTS

a. **Finance Lease Commitments**

	Note	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Payable					
— not later than 1 year		37,391	63,287	-	-
— later than 1 year but not later than 5 years		7,406	20,000	-	-
Minimum lease payments		44,797	83,287	-	-
Less future finance charges		(3,248)	(6,000)	-	-
Total Lease Liability	18a	41,549	77,287	-	-

Finance leases relate to motor vehicles and operating equipment with lease terms of between 1 and 3 years. The consolidated entity has options to purchase the leased assets for an amount representing fair market value at the conclusion of the lease agreements

b. **Operating Lease Commitments**

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

	Consolidated Entity 2008 $	Consolidated Entity 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Payable				
— not later than 1 year	265,000	256,000	-	-
— later than 1 year but not later than 5 years	1,333,277	1,504,000	-	-
— over 5 years	67,500	67,500	-	-
	1,665,777	1,827,500	-	-

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 27: CONTINGENT LIABILITIES

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

NOTE 28: SEGMENT REPORTING

Primary reporting — Business segments

	Consolidated Entity	
Manufacturing (now including Licensing/ Royalties – refer commentary below)	2008 $	2007 $
Segment revenue	11,040,348	9,276,727
Unallocated revenue	-	417,500
Total revenue from ordinary activities	11,040,348	9,694,227
Segment results	697,244	(2,554,472)
Unallocated revenue net of unallocated expenses	(817,038)	(510,000)
Profit/ (loss) from ordinary activities before income tax expense	(119,794)	(3,064,472)
Income tax expense	(156,156)	(120,000)
Net profit/ (loss)	(275,950)	(3,184,472)
ASSETS		
Segment assets	6,871,760	7,299,291
Unallocated assets	21,217	44,000
Total assets	6,892,977	7,343,291
LIABILITIES		
Segment liabilities	3,346,165	3,492,626
Unallocated liabilities	793,480	741,824
Total liabilities	4,139,645	4,234,450
OTHER		
Acquisitions of non-current segment assets	54,821	212,000
Additions to capitalised development costs	406,407	419,000
Depreciation and amortisation of segment assets	517,705	948,000
Impairment of segment assets - intangibles	-	597,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 28: SEGMENT REPORTING (Cont'd)

Secondary reporting — Geographical segments

	Segment Revenues from External Customers		Carrying Amount of Segment Assets		Acquisitions of Non-current Segment Assets	
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $
Geographical location:						
Australia	3,226,916	2,986,000	3,487,654	3,130,301	424,073	521,000
Asia	1,633,374	2,688,000	2,044,869	3,008,000	19,257	5,000
Americas	3,366,551	1,635,000	-	-	-	-
Africa	307,436	160,000	-	-	-	-
Europe	2,506,071	1,807,727	1,360,454	1,204,990	17,898	105,000
	11,040,348	9,276,727	6,892,977	7,343,291	461,228	631,000

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated entity at an arm's length. These transfers are eliminated on consolidation.

Business Segments

The economic entity has operated in the following business segments over the past two years:

— Manufacturing/ Trading

The manufacture of rectifiers and transformers and the selling of copper based components used mainly in power conversion.

— Licensing/ Royalties

Derived from the sale of rectifier product designs and documentation to independent manufacturers around the world. Includes the royalty income stream that flows from the initial sales of rectifier licenses.

Comparative Information

The consolidated entity's comparative segment information has been restated to reflect this change in primary segments.

Geographical Segments

At balance date the consolidated entity's business segment assets are located in Australia, Malaysia and United Kingdom

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 29: CASH FLOW INFORMATION

	Consolidated Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
a. **Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax**				
Loss from ordinary activities after income tax	(275,950)	(3,184,472)	661,767	(4,065,194)
Non-cash flows in loss from ordinary activities				
Amortisation	409,560	1,428,000	-	-
Depreciation	78,356	102,000	1,172	2,000
Deferred revenue	-	-	-	-
Currency translation differences	24,862	15,000	35,337	52,000
Provision for/ (reversal of provision against) obsolete & excess inventories	(84,102)	(71,000)	-	-
Provision for/ (reversal of) provision against debtors	10,336	17,000	1,775,729	3,533,000
Provision for/ (reversal of provision against) investment	-	-	-	-
Net loss/(gain) on sale/acquisition of assets	-	(310,000)	-	-
Loss /(gain) on foreign currency loan	-	165,000	-	149,000
Provision for/(reversal of provision against) loan	-	-	(3,018,722)	(247,000)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
Decrease/(increase) in trade and other debtors	710,417	398,000	-	-
Decrease/(increase) in prepayments	(28,263)	30,000	2,475	6,000
Decrease/(increase) in inventories	160,773	170,000	-	-
Increase/(decrease) in trade creditors/ accruals	(583,707)	(172,000)	85,098	140,000
Increase/(decrease) in income taxes payable	45,229	120,000	-	-
Increase/(decrease) in provisions	(6,912)	91,472	(34,312)	28,194
Cash flows from operations	460,599	(1,201,000)	(491,456)	(402,000)

b. **Non-cash Financing and Investing Activities**

During the year the consolidated entity acquired plant and equipment with an aggregate value of $Nil (2007: $7,000) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

c. **Credit Standby Arrangements with Banks**

As at the end of the financial year, the group's credit standby arrangements with banks are summarised as follows:

	Consolidated Entity		Parent Entity	
Unrestricted access was available at balance date to the following line of credit:	2008 $	2007 $	2008 $	2007 $
Credit facility	-	-	-	-
Amount utilised	-	-	-	-
Unused credit facility	-	-	-	-
The major facilities are summarised as follows:				
Export credit facility	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 29: CASH FLOW INFORMATION (Cont'd)

	Consolidated Entity		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
d. Credit Standby Arrangements with Persons other than Banks				
Unrestricted access was available at balance date to the following line of credit:				
Credit facility	700,000	700,000	700,000	700,000
Amount utilised	(700,000)	(700,000)	(700,000)	(700,000)
Unused credit facility	-	-	-	-
The major facilities are summarised as follows:				
Short term director loans	700,000	700,000	700,000	700,000

e. Acquisition of Entities

On 15th November 2006 the assets of Duvine Developments Ltd were acquired by Rectifier Technologies(UK) Ltd:

	2008 $	2007 $	2008 $	2007 $
Consideration:				
Cash	-	-	-	-
Shares in ultimate parent company	-	1,876,000	-	-
Acquisition costs	-	107,000	-	-
Purchase consideration	-	1,983,000	-	-
Net cash inflow on acquisition:	-		-	-
Cash consideration	-	-	-	-
Cash held at acquisition date	-	1,600,000	-	-
Cash inflow	-	1,600,000	-	-
Assets and liabilities held at acquisition date:				
Cash	-	1,600,000	-	-
Receivables	-	184,000	-	-
Inventories	-	510,000	-	-
Property, Plant & Equipment	-	108,000	-	-
Intellectual property	-	-	-	-
Other assets	-	52,000	-	-
Creditors	-	(136,000)	-	-
Borrowings	-	-	-	-
Other liabilities	-	(27,000)	-	-
	-	2,291,000	-	-
Excess of fair value of identifiable assets, liabilities and contingent liabilities over cost (included in other income with income statement)	-	308,000	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 30: EMPLOYEE BENEFITS

Executive Share Option Arrangement

i. In September and November 2007 and January 2008 13,100,000 options were granted to executives under the Employee Option Plan. In April 2008 4,000,000 of these options lapsed.

The closing share market price of an ordinary share of Rectifier Technologies Ltd on the Australian Stock Exchange at 30 June 2008 was $0.007 (30 June 2007: $0.008).

	Consolidated Entity		Parent Entity	
	30 June 2008 Number	30 June 2007 Number	30 June 2008 Number	30 June 2007 Number
a. Movement in the number of share options held by employees are as follows:				
Opening balance	-	1,450,000	-	1,450,000
Granted during the year	13,100,000	-	13,100,000	-
Exercised during the year	-	-	-	-
Lapsed/Expired during the year	4,000,000	1,450,000	4,000,000	1,450,000
Closing Balance	9,100,000	-	9,100,000	-

NOTE 31: 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 7.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

i. Protran Technologies Pty Ltd

Rectifier Technologies Ltd is the parent entity of Protran Technologies Pty Ltd. At balance date the loan account balance owing to the parent entity by Protran Technologies Pty Ltd was $778,865 (2007: $1,062,117).

During the financial year Protran Technologies Pty Ltd made product sales to group companies of $107,991 (2007: $337,000) comprising:

- Sales to Rectifier Technologies Pacific Pty Ltd $46,468 (2007: $100,000); and
- Sales to Rectifier Technologies (M) Sdn Bhd $61,523 (2007: $237,000).

ii. Rectifier Technologies Pacific Pty Ltd

Rectifier Technologies Ltd is the parent entity of Rectifier Technologies Pacific Pty Ltd. At balance date the loan account balance owing to the parent entity by Rectifier Technologies Pacific Pty Ltd was $4,202,242 (2007: $1,836,456).

During the financial year Rectifier Technologies Pacific Pty Ltd made product sales to group companies of $613,359 (2007: $883,000) comprising:

- Sales to Protran Technologies Pty Ltd of $3,583 (2007: $75,000);
- Sales to ICERT Power Pty Ltd of $429,363 (2007: $453,000);
- Sales to Rectifier Technologies (M) Sdn Bhd $110,232 (2007: $355,000); and
- Sales to Rectifier Technologies (UK) Ltd of $70,181 (2007: Nil).

iii. Rectifier Technologies (M) Sdn Bhd

Rectifier Technologies Ltd is the ultimate parent entity of Rectifier Technologies (M) Sdn Bhd. At balance date the loan account balance owing to the parent entity by Rectifier Technologies (M) Sdn Bhd was nil (2007: $779,600). This loan was forgiven during the year.

During the financial year Rectifier Technologies (M) Sdn Bhd made product sales to group companies of $2,853,685 (2007: $1,897,000) comprising:

- Sales to Rectifier Technologies Pacific Pty Ltd $1,496,263 (2007: $541,000);
- Sales to Protran Technologies Pty Ltd of $38,891 (2007: $2,000);
- Sales to ICERT Power Pty Ltd of $1,310,721 (2007: $1,354,000); and
- Sales to Rectifier Technologies Ltd of $7,810 (2007: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 31: RELATED PARTY TRANSACTIONS (Cont'd)

iv. Rectifier Technologies (UK) Ltd

Rectifier Technologies Ltd is the parent entity of Rectifier Technologies (UK) Ltd. At balance date the loan account balance owing to the parent entity was nil (2007: $426,000). This loan was repaid during the year. During the year Rectifier Technologies (UK) Ltd had $36,687 (2007: nil) sales to group companies.

v. ICERT Power Pty Ltd

Rectifier Technologies Ltd is the ultimate parent entity of ICERT Power Pty Ltd. At balance date the loan account balance owed by the parent entity to ICERT Power Pty Ltd was 55,058 (2007: nil).

During the financial year ICERT Power Pty Ltd had nil (2007: nil) sales to group companies.

vi. Director–related Entities

In April 2007 M.A. Duncan lent the Company GBP100,000 on normal commercial terms. The entire loan plus accrued interest of GBP20,083 were outstanding at balance date.

RJ Shaw Pty Ltd is a company based in Australia and is controlled by Dr RJ Shaw, a non-executive 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 $100,000 on normal commercial terms. The entire $200,000 plus accrued interest of $51,120 were outstanding at balance date.

In April 2007 Pudu Investments (Australia) Pty. Ltd., a company associated with Wang Ying Ming lent the Company $100,000. $85,000 plus accrued interest of $14,404 were outstanding at balance date

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 $43,081 were outstanding at balance date.

During the year the Company incurred director fees of $72,840 for remuneration of the non-executive directors. As at balance date $175,134 of director fees were outstanding. In addition to Director Fees from the parent company M. A. Duncan received $27,080 in consulting fees from Rectifier Technologies (UK) Ltd.

NOTE 32: FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGMENT

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 receivables and other debtors
- cash at bank
- 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 polices 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:

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 81.1% (2007: 71.7%) of its sales are made to 14 (2007: 12) key customers in Australia, UK and USA. Whilst credit risk is mainly influenced by factors specific to these individual customers, the concentration of sales geographically is a contributory factor.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 32: FINANCIAL INSTRUMENTS (Cont'd)

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 standby credit arrangement. Refer to note 29 (c)

The Board receives cash flow projections monthly as well as information regarding cash balances. Refer to maturity analysis in note 19.

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 risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

(i) 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	
	$		$		$		$		$		$	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets:												
Cash	171,000	158,421	-	-	-	-	-	-	1,500	2,000	172,500	160,421
Receivables	-	-	-	-	-	-	-	-	1,693,262	1,976,115	1,693,262	1,976,115
Total Financial Assets	171,000	158,421	-	-	-	-	-	-	1,694,762	1,978,115	1,865,762	2,136,536
Financial Liabilities:												
Other short term loans	-	-	793,480	741,824	-	-	-	-	-	-	793,480	741,824
Trade and sundry creditors	-	-	-	-	-	-	-	-	2,005,372	2,589,074	2,005,372	2,589,074
Direct Financing Facility	-	-	-	-	-	-	-	-	651,201	213,301	651,201	213,301
Lease liabilities	-	-	30,629	58,320	10,919	18,967	-	-	-	-	41,549	77,287
Total Financial Liabilities	-	-	824,109	800,144	10,919	18,967	-	-	2,656,573	2,802,355	3,491,602	3,621,486
Weighted average interest rate	5.0%	5.0%	13.5%	13.5%	7.4%	7.4%		-	-			

(ii) The parent entity's exposure to interest rate risk is as follows:

	Floating Interest Rate		Fixed Interest Rate Maturing									
			Within Year		1 to 5 Years		Over 5 Years		Non-interest Bearing		Total	
	$		$		$		$		$		$	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets:												
Cash	-	19,243		-	-	-	-	-	225	-	225	19,243
Receivables	-	-		-	-	-	-	-	4,981,107	4,104,173	4,981,107	4,104,173
Total Financial Assets	-	19,243		-	-	-	-	-	4,981,332	4,104,173	4,981,332	4,123,416
Financial Liabilities:												
Other short term loans	-	-	793,480	741,824	-	-	-	-	-	-	793,480	741,824
Trade and sundry creditors	-	-	-	-	-	-	-	-	426,223	286,067	426,223	286,067
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	-	-	793,480	741,824	-	-	-	-	426,223	286,067	1,219,703	1,027,891
Weighted average interest rate	-	5.0%	13.5%	13.5%	-	-	-	-				

The Group and the parent entity's exposure to interest rate risk is minimal as only cash balances are exposed to floating rates. Interest rates on loan and lease liabilities are fixed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 32: FINANCIAL INSTRUMENTS (Cont'd)

Foreign currency risk

The Group and the parent entity's policy is, where possible, to allow group entities and the parent entity to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group and the parent entity.

The only currency where receivables are not denominated in their functional currency is USD. Cash balances in USD are kept at levels only sufficient to pay the amounts owing.

Since the local sales in Malaysia and United Kingdom 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 US dollars. At 30th June 2008 trade receivables in US dollar totalled USD468,183 (2007: USD480,105). The parent entity also has foreign currency exposure to a GBP100,000 loan from a director. 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:

	Amounts	+10% (USD/AUD)	-10% (USD/AUD)
Trade Receivable	AUD487,691	AUD+43,892	AUD-53,527

	Amounts	+10% (GBP/AUD)	-10% (GBP/AUD)
GBP Loan	AUD217,319	AUD+17,319	AUD-20,776

iv. **Net Fair Values**

An analysis of financial assets and financial liabilities for the economic entity shows that net fair value approximates their carrying value.

	2008		2007	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Financial assets	$	$	$	$
Cash	172,500	172,500	160,421	160,421
Receivables	1,693,262	1,693,262	1,976,115	1,976,115
	1,865,762	1,865,762	2,136,536	2,136,536
Financial Liabilities				
Other short term loans	793,480	793,480	741,824	741,824
Trade and sundry creditors	2,005,367	2,005,367	2,589,074	2,588,074
Direct financing facility	651,201	651,201	213,301	213,301
Lease liabilities	41,549	41,549	77,287	77,287
	3,491,597	3,491,597	3,621,486	3,621,486

NOTE 33: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to balance date that require additional disclosure.

NOTE 34: COMPANY DETAILS

Rectifier Technologies Ltd

18 Joseph Street, Blackburn North, Victoria, 3130

The principal places of business are:

18 Joseph Street,

Blackburn North, Victoria 3130

Rectifier Technologies (UK) Limited

Unit 8A, Sturmer Road

Haverhill, Suffolk, CB9 7UU, UK

Rectifier Technologies (M) SDN. BHD

5 Jalan Bistari, 7 Taman Industri Jaya,

81300 Skudai, Johor, Malaysia

DIRECTORS' DECLARATION

The directors of Rectifier Technologies Ltd declare that:

(a) in the directors' opinion, the financial statements and notes for the financial year ended 30 June 2008 are in accordance with the Corporations Act 2001, including:

  (i) section 296 (compliance with accounting standards); and
  (ii) section 297 (true and fair view); and

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

(c) the remuneration disclosures included on pages 7 to 11 of the directors' report (as part of the audited Remuneration Report) for the year ended 30 June 2008, comply with Section 300 A of the Corporations Act 2001.

(d) the directors have been given the declarations 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:

....
Director

Rectifier Technologies Ltd
18 Joseph Street
BLACKBURN NORTH
VIC. 3130
Dated the 22nd day of September 2008

BDO Kendalls

BDO Kendalls Audit & Assurance
(NSW-VIC) Pty Ltd
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ABN 17 114 673 540

INDEPENDENT AUDITOR'S REPORT

To the members of Rectifier Technologies Ltd

Report on the Financial Report

We have audited the accompanying financial report of Rectifier Technologies Limited, which comprises the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we 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 and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report 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 entity'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 opinions.

Independence

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

BDO Kendalls

BDO Kendalls Audit & Assurance
(NSW-VIC) Pty Ltd
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Melbourne VIC 3000
GPO Box 4736 Melbourne VIC 3001
Phone 61 3 8320 2222
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aa.melbourne@bdo.com.au
www.bdo.com.au

ABN 17 114 673 540

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 company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 11 of the directors' report for the year ended 30 June 2008. 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

In our opinion, the Remuneration Report of Rectifier Technologies Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd
Chartered Accountants

Eric W Passaris

Eric Passaris
Director

Melbourne
Dated: 22nd September 2008

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	258
1,001 – 5,000	350
5,001 – 10,000	163
10,001 – 100,000	371
100,001 – and over	244
	1,386

b. The number of shareholdings held in less than marketable parcels is 1,080.

c. The names of the substantial shareholders listed in the holding company's register as at 31st August 2008 are:

Shareholder	Number Ordinary
Winter Storms Ltd	125,068,336
Pudu Investments(Aust) Pty Ltd	52,975,136

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
1Winter Storms Ltd	125,068,336	23.54
2Pudu Investments(Aust) Pty Ltd	52,975,136	9.97
3Genista Court Pty Ltd	18,225,000	3.43
4Alco Trading Pty Ltd	18,000,000	3.39
5Peter Hiong Huo Hii	17,383,975	3.27
6M & H Power Systems Pty Ltd	17,000,000	3.20
7Vescovi Vescovi Sup Fund A/C	15,837,464	2.98
8Topaz Investments Pte Ltd	13,837,650	2.60
9Forbar Custodians Ltd	11,044,000	2.08
10Raymond Rockman Super Fund A/C	9,677,106	1.82
11Mr G. Lu & Mrs J Lu	9,598,805	1.81
12Mr T Lau	7,685,623	1.45
13Lu's International Ltd	6,522,195	1.23
14Coven-SA Ltd	6,250,000	1.18
15Strath Dee Pty Ltd	5,250,000	0.99
16Connaught Consultants (Finance) Pty Ltd	5,051,000	0.95
17ANZ Nominees Limited	5,000,000	0.94
18Mr. Malcolm Alistair Duncan	5,000,000	0.94
19Duvine Developments Limited	5,000,000	0.94
20Mrs W. Han	4,769,071	0.90
Total Shares Issued to Top 20	359,175,361	67.61

2. The name of the Company Secretary is Robert Allen.

3. The address of the principal registered office in Australia is 18 Joseph Street, Blackburn North, Victoria.
Telephone 03 9896 7550

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

Computershare Investor Services Pty Ltd
452 Johnston St. Abbotsford Victoria 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 32,500,000 (2007: 43,400,000) options over unissued shares are on issue. 23,400,000 (2007: 23,400,000) options are on issue to holders of ordinary securities. 8,360,000 (2007: 8,360,000) options are on issue to two directors. There are also 796,655 fully paid unquoted shares the subject of the Company's staff share ownership plan.

7. Restricted Securities

Nil