

4 September 2009

Mrs Frances Finucan
Adviser, Issuers (Brisbane)
Australian Stock Exchange Limited
Level 6
Riverside Centre
123 Eagle Street
Brisbane QLD 4000

BY EMAIL: frances.finucan@asx.com.au

Dear Madam,

RE: APPENDIX 4C QUERY FOR THE MONTH ENDED 31 July 2009

We refer to the letter dated 1 September 2009 from Mrs Frances Finucan. As announced to the market on 31 July 2009, Byte Power Group Limited ("BPG") has secured a converting loan of AUD707,518 and the loan will be converted to BPG shares at AUD0.5 cent per share subject to approval by shareholders at an EGM to be held within 3 months. The fund raised was reflected under Item 1.17 (Proceeds from borrowing) in the Appendix 4C being part of the \$795,000 stated.

Set out below is our response to each of the questions set out in the above-mentioned letter:

1. Receipt of the loan funds has enabled the Company to discharge various liabilities and whilst the company expended cash at a higher than usual rate for the month of July and August, cash expenditure for subsequent months will fall back to normal which is expected to be much lower than the cash expenditures incurred during the months of July and August 2009.

The securing of the convertible loan funding gives the board a degree of confidence and with improving market and capital raising conditions, the company will be able to continue to raise capital as and when required on appropriate terms. The company believes these factors should be taken into account when assessing the company's position.

2. The Company does not expect that there will be negative operating cashflow similar to the one reported in the July 2009 Appendix 4C after August 2009. The Company is continuing its capital raising activities to address any negative cash flows in the short to medium term while revenues from the new IT trading business opportunities are expected to come on-line in the coming months.

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3. The actual revenue of the Company for the month of July 2009 is lower than management expectations due to the change of covering period of a maintenance contract. The maintenance contract originally covers Jul 09 to Jun 10 has now been changed to a maintenance period of Sep 09 to Aug 10. The revenue from the contract, although not material will now be included in the month of Sep 09.
4. Not applicable.
5. The business objectives and strategies of the Group has been outlined in the Preliminary Final Report for the period ending 30 June 2009, a copy of which was released to the market on 31 August 2009.

The Company is continuing to seek additional capital and new opportunities beyond the maintenance and service business both locally and overseas.

6. The Company confirms that it is in compliance with the ASX Listing Rules and in particular LR 3.1.
7. The Company remains confident that its financial conditions justify the continued quotation of its securities. The recent securing of the loan funds is an indication of investor support for the Company and its objectives. The Company expects these funds to be converted to equity with shareholder approval in the future. Additionally, the Company continues to investigate other measures designed to improve revenue and secure additional capital for the company.

Yours faithfully,



Ethel Lau
Company Secretary
Byte Power Group Limited

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1 September 2009

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By email: elau@bytepowergroup.com

Dear Ms Lau

Byte Power Group Limited (the "Company")

I refer to the Company's Appendix 4C for the month ending July 2009 ("Appendix 4C") released on Monday, 31 August 2009.

ASX notes that the Company has reported the following.

1. Receipts from customers of \$47,000.
2. Net operating cash flows for the month of (\$288,000).
3. Cash at end of month of \$524,000.
4. Nil financing facilities available to be drawn upon.

ASX also refers to the Company's announcement released to the market on Friday, 31 July 2009 at 3.23pm (EST) entitled, "*Byte Power Group Raises AUD707,518*" ("Announcement") which states that the Company has raised AUD707,518 by way of a secured converting loan. The Announcement also states that the loan will be converted to shares in the Company and is subject to approval by shareholders at an EGM to be held within three months. It does not appear that the funds to be raised pursuant to the converting loan have been included or otherwise noted in the Appendix 4C.

In light of the information contained in the Appendix 4C and the Announcement please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the month ended 31 July 2009, as indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities after a period of approximately 1.8 months has elapsed. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

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2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C and if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the month, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.
5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives as set out in its annual report for the period ending 30 June 2008 (the "Annual Report") and Half Yearly Report for the period ending 31 December 2008 ("HY Report")? The Company's business objectives and strategies may have changed since the date of the Annual Report and HY Report. If so, this should be taken into account in your response.
6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to Frances Finucan via **email at frances.finucan@asx.com.au** or by **facsimile number (07) 3832 4114**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30am (EST) on Friday, 4 September 2009**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries in relation to the above, please let me know.

Yours sincerely



Frances Finucan
Senior Adviser, Issuers (Brisbane)

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