

**Byte Power Group Limited
(ACN 009 268 571)
and Controlled Entities**

COMMENTARY ON RESULTS

Your Directors submit the preliminary final report for Byte Power Group Limited (“the company”) and the entities it controlled at the end of, or during, the year ended 30 June 2012.

Directors

The names of the Directors of the Company during the year and at the date of this report are:

Alvin Phua
Raphael Tham
Michael Walsh

Review of Operations

Summary

Revenues from ordinary activities in the financial year ended June 2012 were \$1.611 million compared to \$0.357 million in the financial year ended June 2011, representing a growth of 351% due largely to increased sales in the IT&T segments and the newly created Asian Business Division.

The net loss for the year was \$1.622 million compared to \$1.926 million over the same period. The net loss of \$1.622 million included a one off write down of \$305K being the value of all assets in Byte Power Chongqing and provisions for stock write down totalling \$68.7K in Byte Power Technologies Pty Ltd and Powertech Systems Pty Ltd. The EBITDA loss for the year was \$0.777 million compared with \$1.040 million the previous year.

The Asian Business Division was established in February 2012 focusing on pursuing both investment and trading opportunities in Asia, with a specific focus on China, Hong Kong, Singapore and Malaysia initially. With Asia emerging as an increasingly important business market for Australian companies, the Group believes that with its history of doing business in Asia, it is well positioned to take advantage of business and trade opportunities as and when they arise through this new division.

In May 2012 the Company secured its first order of Australian wine through this new division. With the growing middle-class and affluence in China, there is a significant increase in wine consumption together with a high demand for imported wines. The Group believes that the Asian Business Division will be able to take advantage of its Australian base and its connections in China to optimise this demand.

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The Asian Business Division has contributed A\$350K representing 21.71% of the sales revenue for the financial year. The Company expects the contribution from this Division to continue to grow.

The IT trading business for the past financial year had improved compared to the previous period. The Company continues to develop new and existing business opportunities in the IT & T sector.

In January 2012, the Group advised the market that Bio Photonic Healthcare SDN Bhd of Malaysia ("Bio Photonic") has failed to remedy breaches of the exclusive agreement identified by Byte Power. As there was little adverse effect on the Company's financial position and due to potential expensive cross-border recovery actions, the Board has decided to terminate the agreement without seeking further damages.

Similarly, the Group has reviewed its e-kiosk business in Chongqing, China due to the change of government policy on outdoor advertising in the last 18 months and the recent changes in the political landscape in Chongqing. The e-Kiosk project did not deliver the outcome and expectation the Company is looking for and the recent events may hinder the Company in establishing a clear pathway to further develop the business. The Group has therefore decided to write-off its investments, amounting to \$305K and refocus on its Asian Business Division instead.

The consolidated entity has continued to cut back on operating overheads, which along with the increases in revenue from ordinary activities has contributed to the reduction in its net loss by 16% compared to the previous corresponding period.

Comments on the Group's operations and results

Detailed results are as follows:

Year ended 30 June 2012	2012 \$'000	2011 \$'000	% change
Revenue from ordinary activities	1,611	357	351%
EBITDA	(777)	(1,040)	(25%)
Impairment	(306)	(192)	59%
Depreciation/Amortisation	<u>(59)</u>	<u>(143)</u>	(59%)
EBIT	(1,142)	(1,375)	(17%)
Financial costs	<u>(480)</u>	<u>(551)</u>	(13%)
Operating profit/(loss) before income tax	(1,622)	(1,926)	(16%)
Income tax expense	<u>-</u>	<u>-</u>	
Net profit/(loss)	<u>(1,622)</u>	<u>(1,926)</u>	(16%)

Business Unit Results are set out below:

Segment:	Revenues		Results	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Power Management	110	133	(45)	(12)
IT&T	1,150	161	(52)	(76)
E-Kiosk	-	57	(377)	(435)
Wine	350	-	235	-
Other	<u>1</u>	<u>6</u>	<u>(1,383)</u>	<u>(1,403)</u>
	1,611	357	(1,622)	(1,926)
Income tax expense			<u>-</u>	<u>-</u>
Loss for the year			<u>(1,622)</u>	<u>(1,926)</u>

Outlook

The Group has achieved strong trading results during the first two months into the new financial year.

The Company secured sizable orders for the month of July 2012 and, to date, the Company has received orders totaling A\$1.8M. This upward trend has continued into August 2012 with order pipelines now in place at approximately A\$1.2M for the combined months of August and September. Based on these orders, the Company expects continued growth in revenue with forecasted revenue of A\$3M for the first quarter ending September 2012.

The Board believes the results to date afford to provide a degree of confidence that BPG can expect a substantially improved financial performance in the first half of the new financial year. The Board is optimistic that both the Asian Business and IT&T Divisions will grow this year as the Company continues to develop new and existing opportunities. Building on the positive outcome, the Board is also confident that the performance for this financial year will improve over last year.

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



Alvin Phua
Chairman & CEO
Brisbane, 31 August 2012

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Appendix 4E

Preliminary Final Report

1. Company details

Name of entity

BYTE POWER GROUP LIMITED

ABN or equivalent company reference

80 009 268 571

Full year ended ('current period')

30 June 2012

Full year ended ('previous period')

30 June 2011

2. Results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

					Current period \$A
2.1	Revenues from ordinary activities	up	350	%	to 1,611,341
2.2	Profit (loss) from ordinary activities after tax attributable to members	Improvement	16	%	to (1,622,232)
2.3	Net profit (loss) for the year attributable to members	Improvement	16	%	to (1,622,232)
2.4	Dividends (distributions)		Amount per security		Franked amount per security
	Interim dividend declared		Nil ¢		Nil ¢
The Directors do not propose to pay any dividend for the year.					
2.5	Record date for determining entitlements to the dividend	Not applicable			
2.6	Brief explanation of any figures in 2.1 to 2.4 necessary to enable the figures to be understood				

3. NTA backing

	Current period - A cents	Previous corresponding period - A cents
3.1	Net tangible asset backing per ordinary security	(0.40) (0.44)
3.2	Brief explanation of any figures necessary to enable the figures to be understood	

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4 Changes in group structure

4.1 Control gained over entities	
Name of entity (or group of entities)	Byte Power Pte Ltd
Date control gained	23 April 2012
Contribution of such entities to the reporting entity's profit (loss) from ordinary activities during the period (where material).	Not applicable
Profit / (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	Not applicable

4.2 Loss of control of entities	
Name of entity (or group of entities)	Not applicable
Date control lost	Not applicable
Contribution of such entities to the reporting entity's profit / (loss) from ordinary activities during the period (where material).	Not applicable
Consolidated profit / (loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	Not applicable

5. Dividends

5.1 Individual dividends per security				
	Date dividend is payable	Amount per Security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:				
Current year	Not applicable	Nil ¢	Nil ¢	Nil ¢
Previous year	Not applicable	Nil ¢	Nil ¢	Nil ¢

6. Dividend reinvestment plans

6.1 The dividend or distribution reinvestment plans shown below are in operation.	
	Not applicable
The last date for receipt of election notices for the dividend or distribution plans	Not applicable

7. Details of associates and joint venture entities

Name of Entity	Entity's percentage holding in each of these entities		Entity's investment in each of these entities	
	Current Period %	Previous Corresponding Period %	Current Period \$A	Previous Corresponding Period \$A
Not applicable				
Groups' aggregate share of associates' and joint venture entities' profits / (losses) (where material).			Current Period \$A	Previous corresponding period - \$A
Profit (loss) from ordinary activities before tax			-	-
Income tax on ordinary activities			-	-
Net profit (loss)			-	-
Adjustments			-	-
Share of net profit (loss) of associates and joint venture entities.			-	-

The consolidated entity's financial report for the year ended 30 June 2012 is yet to be audited.

The Directors anticipate that the independent auditor's report on the consolidated entity's financial report for the year ended 30 June 2012 to contain a qualification relating to the preparation of the financial report on a going concern basis.

Sign here:



(Company Secretary)

Ethel Lau

Date: 31-Aug-12

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BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	30 JUNE 2012 A\$	30 JUNE 2011 A\$
Continuing operations			
Revenues	2	<u>1,611,341</u>	<u>357,733</u>
Changes in inventories of finished goods and work in progress		(72,624)	(32,809)
Raw materials and consumables used		(1,275,640)	(159,516)
Depreciation and amortisation expenses		(59,084)	(143,057)
Provision for impairment		(306,310)	(192,234)
Finance cost expenses		(480,406)	(550,725)
Salaries and employee benefits expenses		(647,237)	(573,461)
Directors' fees		(90,400)	(90,704)
Rent and outgoings		(100,810)	(122,940)
Travel, accommodation and entertainment		(116,536)	(123,644)
Consultants / Professional fees		(9,013)	(70,308)
Other expenses from ordinary activities		<u>(75,513)</u>	<u>(224,757)</u>
Loss before related income tax	2	(1,622,232)	(1,926,422)
Income tax expense/(benefit)		<u>-</u>	<u>-</u>
Net loss for the year		<u>(1,622,232)</u>	<u>(1,926,422)</u>
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(36,368)	33,192
Income tax relating to components of other comprehensive income		<u>-</u>	<u>-</u>
Total other comprehensive income for the period, net of tax		<u>(36,368)</u>	<u>33,192</u>
Total comprehensive income attributable to members of the parent		<u>(1,658,600)</u>	<u>(1,893,230)</u>
		cents per share	cents per share
Basic earnings per share		(0.10)	(0.15)
Diluted earnings per share		(0.10)	(0.15)

The accompanying notes form part of these financial statements.

BYTE POWER GROUP LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	30 JUNE 2012 A\$	30 JUNE 2011 A\$
CURRENT ASSETS			
Cash and cash equivalents	8	85,354	49,665
Receivables		258,147	32,360
Inventories		52,033	124,657
Other		-	2,469
TOTAL CURRENT ASSETS		395,534	209,151
NON-CURRENT ASSETS			
Property, plant and equipment		17,303	363,685
Other		11,835	11,809
TOTAL NON-CURRENT ASSETS		29,138	375,494
TOTAL ASSETS		424,672	584,645
CURRENT LIABILITIES			
Payables	9	4,140,043	3,827,051
Interest bearing liabilities		243,367	8,378
Convertible notes / loans		496,207	494,067
Provisions		253,426	212,843
TOTAL CURRENT LIABILITIES		5,133,043	4,542,339
NON-CURRENT LIABILITIES			
Interest bearing liabilities		1,919,014	1,919,014
Other financial liabilities		229,057	241,198
TOTAL NON-CURRENT LIABILITIES		2,148,071	2,160,212
TOTAL LIABILITIES		7,281,114	6,702,551
NET LIABILITIES		(6,856,442)	(6,117,906)
EQUITY			
Contributed equity	10	51,570,922	50,650,858
Reserves		36,066	72,434
Accumulated losses		(58,463,430)	(56,841,198)
TOTAL EQUITY		(6,856,442)	(6,117,906)

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	Contributed equity	Reserve	Accumulated losses	Total
	A\$	A\$	A\$	A\$
Balance at 1 July 2010	49,953,028	39,242	(54,914,776)	(4,922,506)
Loss for the period	-	-	(1,926,422)	(1,926,422)
Total other comprehensive income	-	33,192	-	33,192
Total comprehensive income	-	33,192	(1,926,422)	(1,893,230)
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the period	703,400	-	-	703,400
Share issue costs	(5,570)	-	-	(5,570)
Contribution by members	697,830	-	-	697,830
Sub-total	50,650,858	72,434	(56,841,198)	(6,117,906)
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2011	50,650,858	72,434	(56,841,198)	(6,117,906)
Balance at 1 July 2011	50,650,858	72,434	(56,841,198)	(6,117,906)
Loss for the period	-	-	(1,622,232)	(1,622,232)
Total other comprehensive income	-	(36,368)	-	(36,368)
Total comprehensive income	-	(36,368)	(1,622,232)	(1,658,600)
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the period	947,564	-	-	947,564
Share issue costs	(27,500)	-	-	(27,500)
Contribution by members	920,064	-	-	920,064
Sub-total	51,570,922	36,066	(58,463,430)	(6,856,442)
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2012	51,570,922	36,066	(58,463,430)	(6,856,442)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	30 JUNE 2012 A\$	30 JUNE 2011 A\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,524,092	502,116
Payments to suppliers and employees		(2,175,987)	(1,045,566)
Interest received		16	2
Interest and other costs of finance paid		(380,964)	(213,393)
		<hr/>	<hr/>
Net cash provided by/(used in) operating activities		(1,032,843)	(756,841)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(19,012)	-
Proceeds from sale of property plant & equipment		-	-
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		(19,012)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issues of securities (shares, option etc.)		928,564	703,400
Share issue costs		(27,500)	(5,570)
Proceeds from / (Repayment of) borrowings		222,848	11,540
Payment for lease liabilities		-	-
		<hr/>	<hr/>
Net cash provided by/(used in) financing activities		1,123,912	709,370
Net increase/(decrease) in cash held		72,057	(47,471)
Effects of function currency exchange rate change		(36,368)	33,192
Cash at beginning of year		49,665	63,944
		<hr/>	<hr/>
Cash at end of year	8	85,354	49,665

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

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BYTE POWER GROUP LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: BASIS OF PREPARATION

The preliminary final report has been prepared in accordance with ASX listing rules, the disclosure requirements of ASX Appendix 4E, Australian Accounting Standards and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The preliminary final report does not include all the notes of the type normally included in an annual report and should be read in conjunction with the annual report for Byte Power Group Limited for the financial year ended 30 June 2011, the December 2011 half-year report and any public announcements made by Byte Power Group Limited and its controlled entities during the year ended 30 June 2012 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in Byte Power Group Limited's annual report for the year ended 30 June 2011. Where appropriate, comparative information is reclassified to enhance comparability.

The preliminary final report was authorised for issue by the Directors on 31 August 2012.

Going Concern

The preliminary final report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and discharge of liabilities in the ordinary course of business.

The consolidated entity has incurred a loss from continuing operations after tax of \$1,622,232 (2011: \$1,926,422) for the year ended 30 June 2012. The consolidated entity was also in a net current liability position of \$4,737,509 (2011: \$4,333,188) as at 30 June 2012. There are also significant non-current liabilities.

Given the consolidated entity's recurring losses and net current liability position, the ability of the consolidated entity to continue as a going concern, including Byte Power Group Limited's ability to pay its debts as and when they fall due needs to be considered. The continuation of the consolidated entity as a going concern is dependent upon its ability to achieve the following:

- the continued support of major creditors and loans from the major shareholders;
- obtaining an overdraft or working capital facility to assist the consolidated entity to pay its debts on a timely basis;
- obtaining additional equity in the form of capital raising or longer term debt to enable the consolidated entity to fund operating and investing activities cash flow requirements; and
- the generation of future profits by the underlying businesses.

It is on the basis of the consolidated entity's ability to secure the above arrangements, facilities and the generation of future profits, that the Directors have prepared the financial report on a going concern basis. In the event that the above arrangements and facilities are not entered into, there is significant uncertainty as to whether the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The preliminary final report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)****NOTE 2: REVENUES AND EXPENSES**

	2012 \$A	2011 \$A
Revenue streams:		
Sales	1,519,509	141,507
Service	65,866	113,014
Interest	16	2
Other income	25,951	103,210
Revenue from ordinary activities	1,611,341	357,733
Profit / (loss) before income tax includes the following specific net gains and expenses:		
(Profit) or loss on disposal of non-current assets	-	-
Finance costs	480,406	550,725
Amortisation	388	557
Depreciation	58,696	142,500
Impairment	306,310	192,234

NOTE 3: INCOME TAX

The consolidated entity incurred a taxable loss for the financial year and is also in a income and capital tax loss carried forward position. As such, there has been no deferred tax assets recognised.

NOTE 4: DIVIDENDS

The company does not have any dividend or distribution reinvestment plans in operation. The Directors do not propose to pay any dividends for the year.

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BYTE POWER GROUP LIMITED

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)**

NOTE 5: EARNINGS PER SHARE

	2012	2011
Weighted average number of ordinary shares outstanding during the year used in the calculation of:	1,622,990,841	1,247,997,266
(a) Basic EPS - cents per share	(0.10)	(0.15)
(b) Diluted EPS - cents per share	(0.10)	(0.15)

NOTE 6: NET TANGIBLE ASSETS (LIABILITIES)

	2012 \$A	2011 \$A
Net assets (liabilities)	(6,856,442)	(6,117,906)
Intangible assets	-	-
Net tangible assets (liabilities)	(6,856,442)	(6,117,906)
Number of shares on issue	1,719,569,989	1,403,715,440
NTA backing - cents per share	(0.40)	(0.44)

NOTE 7: SEGMENT INFORMATION

	IT&T		Power Management	
	2012	2011	2012	2011
	\$A	\$A	\$A	\$A
Revenue	1,150,235	161,254	109,829	133,222
Result	(51,916)	(75,960)	(44,967)	(11,852)

	Ekiosks		Corporate	
	2012	2011	2012	2011
	\$A	\$A	\$A	\$A
Revenue	192	56,547	1,224	6,710
Result	(377,217)	(434,960)	(1,383,330)	(1,403,650)

	Asian Business Division		Total	
	2012	2011	2012	2011
	\$A	\$A	\$A	\$A
Revenue	349,861	-	1,611,341	357,733
Result	235,198	-	(1,622,232)	(1,926,422)

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BYTE POWER GROUP LIMITED

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)****NOTE 8: RECONCILIATION OF CASH**

Reconciliation of cash at the end of the year (as shown in the consolidated cash flow statement) to the related items in the accounts is as follows :

Cash on hand and at bank

Total cash at end of financial year

	2012 \$A	2011 \$A
Cash on hand and at bank	85,354	49,665
Total cash at end of financial year	85,354	49,665

NOTE 9: PAYABLES

Trade creditors

Other creditors and accruals

	2012 \$A	2011 \$A
Trade creditors	724,471	815,394
Other creditors and accruals	3,415,572	3,011,657
	4,140,043	3,827,051

NOTE 10: SHARE CAPITAL

Issued and paid up capital

	2012 \$A	2011 \$A
Issued and paid up capital	51,570,922	50,650,858

Movement in share capital during the year

Opening balance

Shares issued

Share issue costs

	Number		\$A	
	2012	2011	2012	2011
Opening balance	1,403,715,440	1,169,248,774	50,650,858	49,953,028
Shares issued	315,854,549	234,466,666	947,564	703,400
Share issue costs	-	-	(27,500)	(5,570)
	1,719,569,989	1,403,715,440	51,570,922	50,650,858

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which 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.

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