

ANNUAL REPORT

30 June 2019

ABN: 80 009 268 571

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BYTE POWER GROUP LIMITED
And its controlled entities

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BYTE POWER GROUP LIMITED
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CHAIRMAN'S REPORT

Byte Power Group Limited ('the Company') and its controlled entities ('the Group') present its financial report for the period ended 30 June 2019.

Revenues from ordinary activities in the financial year ended 30 June 2019 were \$1.05M compared to \$1.16M in the financial year ended 30 June 2018. This decline was due largely to company resources being focused on the development and launching of the cryptocurrency exchange.

Revenues across all the business segments fell. Management was actively involved in the continuing litigation suit with Soar Labs Pte Ltd and further discussions with ASX and ASIC regarding queries. This had a direct impact on the operating result of the Group. Management was also actively involved in the development and launch of the cryptocurrency exchange, which was launched in January 2019. During the year over \$1.03M of funds were raised through the sale of BPX tokens. Correspondingly, costs relating to the management of the cryptocurrency exchange of \$0.272M were incurred during the year. The Group incurred a provision expense of \$1.2M for the prepayment made to an IT vendor who did not supply the inventory ordered. The Group continues to pursue the repayment from the vendor. Due to the difficult circumstances the Group suffered a loss for the full 2018-19 financial year of \$2.506M.

Revenues from the IT&T division contributed \$1.027M for this financial year compared to nil revenue in the financial year ended 30 June 2018. This increase was due to the sale of BPX tokens during the year. Sales revenues from the Asia Business Division contributed \$0.021M for this financial year as compared to \$1.154M in the financial year ended 30 June 2018. This decline was due in part to the continued austerity drive in China. There were also no sales of the Wimobilize's Big Data solution during the period.

For the year ended 30 June 2019, sales revenue generated from the IT&T business division contributed to 97.4% of total revenue for the group (30 June 2018: 0%). Sales revenue generated from the Asia Business Division for the year contributed 1.8% of the total revenue for the group (30 June 2018: 99.1%).

The Group made significant progress on the development of its Cryptocurrency Exchange culminating in the official launch of the Exchange platform in January 2019. As at 31 August 2019 there was a total of 2,409 registrants on the BPX Exchange. As at 31 August 2019 the company had issued a total of 27,359,113 BPX tokens.

The BPG Board and management have been working throughout the year with ASX in relation to matters raised with respect to BPG that has caused the suspension of trading in BPG shares. ASX has advised BPG that these inquiries are ongoing. The BPG Board and management have co-operated fully with ASX by providing the requested information to assist with these inquiries. BPG has been advised by ASX that shares of BPG will continue to be suspended whilst these inquiries are ongoing.

The suspension has impeded the Group's ability to raise additional capital to grow the business. BPG continues to explore opportunities which might provide a pathway to both BPG recommencing trading and being able to realise the value of its Cryptocurrency Exchange.

Outlook

Over the next 12 months, the Group will introduce further improvements to the functionalities of the exchange. We expect the exchange to gain traction and volume from its marketing activities and as the functionalities improve. BPG will continue to leverage on its networks with synergistic partnerships leading to further growth.

BPG will continue to explore new and existing business opportunities for the IT&T and wine distribution business in the Asia Pacific region.

With expected growth of the cryptocurrency exchange business, the Group is positive towards the year ahead.



Alvin Phua
Executive Chairman & CEO

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REVIEW OF OPERATIONS

Company Background and Overview

Byte Power Group Limited ("BPG") is a diversified technology, food and wine distribution company.

The 2019 financial year has been an exciting yet difficult year for BPG's technology division. The Group launched its cryptocurrency exchange in January 2019. The exchange has over 2400 registrants on the exchange and has seen an increase in the number of registrants on the exchange month on month since the exchange launch. Trading activity is also increasing. Byte Power Pty Ltd, which owns 100% of Byte Power X Pty Ltd, the entity that has established the Cryptocurrency Exchange, is in a good position to take advantage of the Cryptocurrency/Blockchain technology sector.

There were no new customers signed during the period for the Group's Big Data solution. Opportunities for the sale of the solution to potential customers were delayed due to the delays in implementing and releasing a working prototype of the Wimobilize Big Data solution to BPG's first customer.

In 2020 financial year, BPG will continue to grow its cryptocurrency exchange business as well as progress the existing and new opportunities for its Big Data solution business.

BPG will also continue to develop new and existing business opportunities for the wine distribution businesses in Asian markets, particularly with its 8 Eagles range.

The Byte Power Group includes several related subsidiaries overseas as well as in Australia, which are described below.

Subsidiaries Relating to Information Technology

Byte Power Pty Ltd ("Byte Power Australia")

Byte Power Australia was established in Queensland in 1989 and provides IT products and services to SME's as well as corporate and government clients. Byte Power Australia has exclusive distribution rights over Wimobilize's Big Data solutions in the regions of Australia and New Zealand. Byte Power Pty Ltd owns 100% of the issued capital of Byte Power X Pty Ltd, which has established the Cryptocurrency Exchange in Australia.

Byte Power Pte Ltd ("Byte Power Singapore")

This Singapore subsidiary was formed in April 2012 to cater for the Singapore and surrounding market in terms of IT&T trading and other business opportunities. Byte Power Singapore has exclusive distribution rights over Wimobilize's Big Data solutions in the regions of Singapore and Malaysia.

Byte Power (Hong Kong) Ltd ("Byte Power Hong Kong")

This subsidiary provides local presence and support within the regional market. Byte Power Hong Kong has exclusive distribution rights over Wimobilize's Big Data solutions in the regions of Hong Kong, Macau, China and Taiwan.

Subsidiary Relating to Power Management

Power Tech Systems Pty Ltd ("Power Tech Systems")

A supplier and importer of power management technology, Power Tech Systems specialises in providing network solutions with the design, distribution and maintenance of Uninterruptible Power Supplies (UPS). Power Tech Systems provides lifetime support for their range of products and offers on-site support and maintenance services Australia-wide on a majority of branded power management solutions.

REVIEW OF OPERATIONS (continued)

Subsidiaries Relating to Food & Beverage

Wine Power Pty Ltd (“Wine Power Australia”)

Established in August 2012, this subsidiary was formed to supplement the Asian Business Division and its overseas subsidiaries in wine distribution. Wine Power Pty Ltd has released its premium 8 Eagles range of wines and focuses on marketing its range in Australia and Asia.



Wine Power Pte Ltd (“Wine Power Singapore”)

This entity was established in August 2013 to distribute wines within Singapore, Malaysia and the rest of South-East Asia. The Company focuses on establishing its 8 Eagles range in these markets.

Treasure Hive Honey Pty Ltd (“Treasure Hive Honey”)

This subsidiary was established in May 2016 for the purpose of the distribution of 100% Australian Certified Organic (“ACO”) honey and honeycomb products to be branded under its own brand name of Treasure Hive Honey.



Byte Power Group, through its offices in Australia, Singapore and Hong Kong, has developed its extensive network of corporate relationships in Australia and Asia over a span of 30 years. Along with its strong IT&T background the Group has positioned itself to utilise its key competencies in sourcing growth into new and existing markets for the cryptocurrency exchange and Wimobilize Big Data solutions.

Through its overseas subsidiaries the Company continues to generate opportunities by leveraging off existing business relationships with multinational, large corporate and government organisations within each region.

REVIEW OF OPERATIONS (continued)

Operations Review

IT&T

As part of BPG's focus on their IT&T segment, the Company has established itself as a distributor of a robust and market leading solution in the Big Data space.

In 2016 BPG entered into Exclusive Partnership Agreements with Wimobilize Singapore Pte Ltd ("Wimobilize") through several of BPG's subsidiaries, enabling BPG to sell and implement Wimobilize Big Data solutions exclusively in the various markets outlined below.

BPG Entity	Exclusivity Region
Byte Power Singapore:	Singapore Malaysia
Byte Power Australia:	Australia New Zealand
Byte Power Hong Kong:	Hong Kong Macau China Taiwan

International Data Corporation (IDC) divides the big data market into three major submarkets: infrastructure, software and services. The research firm expects all three submarkets to grow over the next five years, with software — information management, discovery and analytics and applications software — leading the charge with a compound annual growth rate (CAGR) of 26 percent.

IDC predicts services, including professional and support services for infrastructure and software, will grow at a CAGR of 22.7 percent. It forecasts that infrastructure — consisting of computing, networking, storage infrastructure and other datacenter infrastructure-like security — will grow at a CAGR of 21.7 percent and will account for roughly half of all spending through 2019.

BPG, through its subsidiary Byte Power Pty Ltd, which owns 100% of the issued capital in Byte Power X Pty Ltd, has launched its Cryptocurrency Exchange ("Exchange") in Australia.

The Exchange currently has 10 cryptocurrencies that can be traded, fiat trading pairs in AUD and USD, wallet management options, full trading capabilities, and direct to bank disbursement on fiat conversion with no daily fiat conversion limits.

Since Bitcoin's first block in blockchain was created on January 3rd, 2009, the cryptocurrency market has exploded to include over 2,800 different cryptocurrencies, of varying purpose and utility. Between January 1, 2017, and September 16, 2019, the aggregate market capitalisation grew from USD\$18.3 billion to USD\$268 billion, according to the industry's leading website CoinMarketCap, which tracks most of the alternative cryptocurrencies that are on the market as well as Bitcoins and shows users the current value in dollars and Bitcoins for each coin. Daily trading volume has grown in this period from USD\$140 million to USD\$45.1 billion. The market capitalisation hit an all-time high on January 8, 2018, at USD\$820.9 billion, with the daily trading volume peaking at USD\$68 billion according to CoinMarketCap.

It's important to note that there is a high amount of risk inherent in cryptocurrency investments. While gains seen here are unprecedented in size, so are losses. Anyone investing in this market, no matter what level of experience, education, or accreditation, is at risk of losing their capital due to market forces. Extreme volatility is not out of the ordinary in this market, as cryptocurrencies are still in their infancy.

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Operations Review (continued)

The crypto market has until recently largely been made up of a high volume of retail investors or individual investors who can be lacking in financial training and general trading experience. Despite the large number of retail investors that have existed in the market, ownership of many top tokens are heavily concentrated in small groups. This, in part, is why the cryptocurrency market has been volatile, prone to manipulation, and sentiment driven.

The market participants in this market is starting to change. According to CoinDesk, who are a leading online news portal in the cryptocurrency industry, financial institutions have begun to enter crypto with a quickening pace, setting the tone for the remainder of 2019 and 2020. What will make these years different from those prior is the speed of professionalisation taking place in the markets, according to CoinDesk sources.

Oliver von Landsberg-Sadie, CEO of BCB – a financial services group with digital asset specialism, drew comparisons on the various bull runs experienced over bitcoin's (BTC) lifecycle, with the exception given to the fundamental growth seen in 2019. "The 2013 bubble was driven by technocrats and dark web trawlers and the 2017 rally was led by the whims of speculative retail traders, 2019's growth belongs to financial institutions who are diversifying stale portfolios and finally have the professional machinery to do so."

"Crypto has been experiencing some of the largest levels of institutional growth as seen with bitcoin futures, open interest and volume as well as a number of established banks issuing their own cryptocurrencies on their private blockchains" says Sebastian Sinclair of CoinDesk.

"In addition, these financial institutions are supporting a variety of blockchain projects focused on commodity trade finance and shipping", says Kari S. Larsen, a partner at Perkins Coie's Blockchain Technology & Digital Currency group based in New York.

Institutional investors rely heavily on regulated products and processes, organizations rely on steady progress on the regulatory front as well as infrastructure improvements, which directly affects the pace of institutional involvement.

However, the pace from financial regulators, at least in the US and parts of the EU, when it comes to providing guidance and licenses for entities seeking to focus on digital assets, has been very slow.

The Financial Industry Regulatory Authority (FINRA), for example, appears to be moving very slowly with broker-dealer applications from companies seeking to provide services supporting security tokens or related crypto products says Larsen.

Although, that is beginning to change mostly due to Facebook's recent announcement on entering into crypto and the subsequent pushback from regulators on a global scale.

"...growth seems very plausible, given crypto's recent bullish fundamentals, however, that will also depend largely on how the industry navigates the upcoming regulatory framework."

The demand for cryptocurrencies is undeniable. And we are seeing the start of institutional interest in these markets. With the start of this institutional interest upon us, there is significant opportunity in this market. BPG is looking forward to the opportunities being a participant in this market will bring.

With our extensive IT&T background, strong connections in Asia and Australia, we are positioned to utilise our key competencies in sourcing growth into new and existing markets for the Cryptocurrency Exchange market.

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Operations Review (continued)

Asian Business Division

The group continues its focus in the Asia market, developing its current businesses in the food & beverage area of wine and organic honey. It will continue to build new partnerships and open new channels and markets for Australian produce, in particular our house wines, 8 Eagles.

Continual efforts are being placed into building up the company profile and management team.

Power Management

The group continues to run the Power Management business, constantly exploring business opportunities to expand the consumer market.

Group Financial Position

During the year the Group used significant resources building and launching its cryptocurrency exchange. This impacted the Group results. The Group has been successful with selling BPX tokens which has assisted with the funding of the development of the exchange. As the exchange business grows and with the continued demand for cryptocurrencies expected to remain strong, despite BPG's continued suspension from trading on ASX, the Group is positive about its performance and financial position in the coming year.

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DIRECTORS' REPORT

The directors submit their report on Byte Power Group Limited ("the company") consisting of Byte Power Group Limited and the entities it controlled ("the Group") at the end of, or during, the year ended 30 June 2019.

Directors

Directors were in office for the entire year and up to the date of this report unless otherwise stated.

Information on Directors (including special responsibilities)

Director	Qualifications and experience	Special responsibilities	Interest in shares and options
Mr. Alvin Phua	Alvin is a Singaporean-born Australian. As a founder of Byte Power in 1989, Alvin has key business and government relationships throughout Australia and South-East Asia.	Executive Chairman & CEO Chairman of Remuneration Committee	634,477,395 ordinary shares, Nil options
Mr. William Yuen (appointed 15 March 2019)	William is based in Hong Kong and has over 40 years' experience in both senior management and Board positions in large conglomerates in Hong Kong. These conglomerates have diversified interest in many businesses including logistics, distribution, aviation, cosmetics and wine production.	Non-Executive Director Chairman of Audit Committee	23,959,021 ordinary shares, Nil options
Mr. Yano Lim	Yano has over 20 years' experience as a Business Analyst for large corporations reviewing business processes, change management and systems enablement. His strong Business Analytical skills and experience in various overseas environments such as Australia, New Zealand, Indonesia, Papua New Guinea and the United States of America brings valuable insight to the Group.	Non-Executive Director Member of Remuneration Committee Member of Audit Committee	54,425,000 ordinary shares, Nil options
Mr. Michael Wee	Michael is a successful self-employed businessman who provides digital multimedia services (web and print content) to the Print and Design sectors. Prior to running his own business Michael held various management positions in IT Consulting businesses.	Non-Executive Director Member of Remuneration Committee Member of Audit Committee Company Secretary	Nil shares, Nil options

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DIRECTORS' REPORT (continued)

Director	Qualifications and experience	Special responsibilities	Interest in shares and options
Mr. Raphael Tham (resigned 15 March 2019)	Raphael is a Singaporean who has strong technology industry credentials and is an experienced business strategist. He has held senior positions and advisor with several companies in Asia. His skills and experience include starting new businesses, overseas expansion, and mergers & acquisitions.	Non-Executive Director Chairman of Audit Committee	200,000,000 ordinary shares Nil options

Directorships of other listed companies

No director held directorships of other listed companies in the three years immediately before the end of the financial year.

Company Secretary

The company secretary is Michael Wee.

Dividends

The Directors have determined that there will be no payment of a dividend for the year ended 30 June 2019 (2018: Nil).

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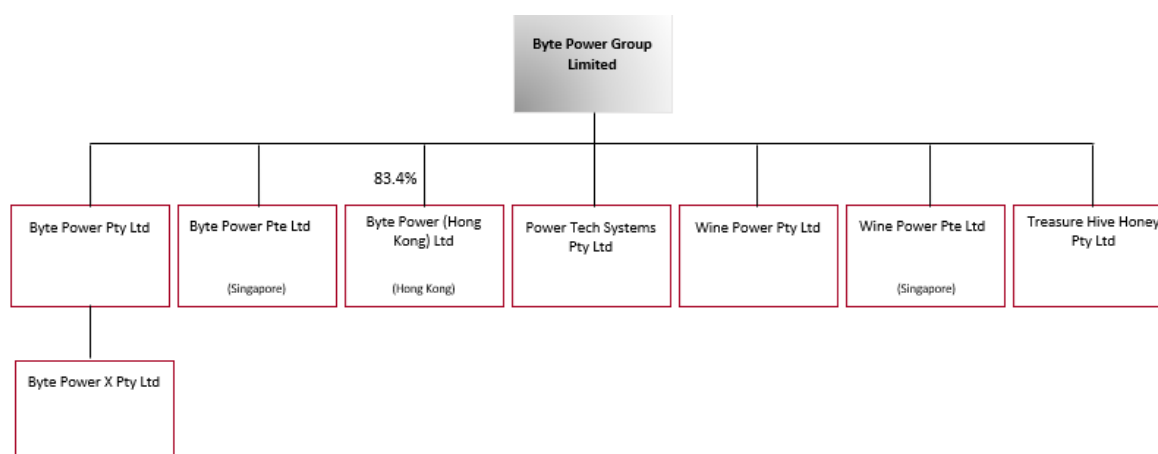
DIRECTORS' REPORT (continued)

Corporate Structure

Byte Power Group Limited is a company limited by shares and is incorporated and domiciled in Australia. Byte Power Group Limited has prepared the financial report incorporating the following trading entities it controlled (100% ownership unless stated otherwise) during the financial year;

- Byte Power Pty Ltd
- Byte Power X Pty Ltd (100% ownership by Byte Power Pty Ltd)
- Byte Power Pte Ltd
- Byte Power (Hong Kong) Limited (83.4% legal ownership but 100% beneficial ownership)
- Power Tech Systems Pty Ltd
- Wine Power Pty Ltd
- Wine Power Pte Ltd
- Treasure Hive Honey Pty Ltd

Byte Power Group Limited – Corporate Structure as at 30 June 2019



Nature of Operations and Principal Activities

During the year, the principal activities within the Group were:

- Distribution of wine;
- Service and sale of IT&T equipment;
- Service and sales of UPS equipment nationally;
- Provision of IT consultancy and services;
- Cryptocurrency Exchange development; and
- Big data solutions.

There were no other significant changes in the nature of the activities of the Group during the year.

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REVIEW AND RESULTS OF OPERATIONS

Summary

For the year ended 30 June 2019, the group reports a loss from continuing activities before tax of \$2,506K compared to last year's reported loss of \$11,269K.

EBITDA loss for the year was \$1.8M compared to an EBITDA of \$6.2M the previous year after excluding the impairment loss.

Revenues from continuing activities in the financial year ended 30 June 2019 were \$1.05M compared to \$1.16M in the financial year ended 30 June 2018. Revenues across all the business segments fell.

Comments on the Group's operations and results

Detailed results are as follows:

	2019 \$	2018 \$	% change
Revenue from ordinary activities	1,054,196	1,163,733	(9%)
EBITDA	(1,825,699)	(6,162,063)	70.4%
Impairment	-	(4,734,363)	
Depreciation/Amortisation	<u>(22,772)</u>	<u>(15,716)</u>	44.9%
EBIT	(1,848,471)	(10,912,142)	(83.1%)
Financial costs	<u>(657,829)</u>	<u>(357,725)</u>	83.9%
Operating profit/(loss) before income tax	(2,506,300)	(11,269,867)	(77.8%)
Income tax expense	<u>-</u>	<u>-</u>	
Net profit/(loss)	<u>(2,506,300)</u>	<u>(11,269,867)</u>	(77.8%)

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REVIEW AND RESULTS OF OPERATIONS (continued)

Business Unit results from continuing operations are set out below:

	Revenues		Results before income tax	
	2019	2018	2019	2018
	\$	\$	\$	\$
Segment:				
Power Management	6,000	9,927	2,975	(4,604)
IT&T	1,027,340	-	(861,111)	(2,422,916)
Asia Business Division	20,856	1,153,805	(45,901)	(2,080,701)
Other	-	-	(1,602,264)	(6,761,646)
	<u>1,054,196</u>	<u>1,163,733</u>	<u>(2,506,300)</u>	<u>(11,269,867)</u>

Significant Changes in the State of Affairs

The Group launched its cryptocurrency exchange in January 2019.

Significant Events after Balance Date

The Company was a party to legal proceedings commenced by Konzept APS during the year. These proceedings related to legal fees owing to Konzept APS for recovery action taken for prepayments made by Konzept APS to the Group. Payment of the amount claimed was made on 11th July 2019 and this matter is now finalised.

On 19 July 2019, the High Court of the Republic of Singapore ruled that the defendants, Soar Labs Pte Ltd (Soar Labs) and Neo Wenyuan must pay the group the remaining balance owing by Soar Labs, plus costs on a fully indemnity basis, plus interest on these balances from the date of the write until the date the payment is made.

Other than the matters mentioned above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results

The Board maintains a positive outlook for the new financial year.

BPG will continue to explore new and existing business opportunities for the wine distribution business in Asia Pacific with its 8 Eagles range and also explore opportunities which might provide a pathway to both BPG recommencing trading and being able to realise the value of its Cryptocurrency Exchange.

Environmental Regulation and Performance

The Group is not aware of any breaches of environmental regulations in respect of its activities.

Share Options

There were no listed and unlisted options as at 30 June 2019.

Shares issued as a result of the exercise of options

During the financial year no options were exercised.

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REVIEW AND RESULTS OF OPERATIONS (continued)
Proceedings on Behalf of Company

During the period the Group received the second tranche of settlement funds (US\$232,323.67) due to Byte Power Pty Ltd ("BPPL") from Soar Labs Pte Ltd ("Soar Labs") pursuant to the Settlement Agreement with Soar Labs Pte Ltd dated 24th May 2018

Pursuant to the Settlement Agreement, Soar Labs was due to pay BPPL the balance of the settlement funds totaling US\$320,556.97 and 801,392 soar coins on or before 24th May 2019 to finalise the settlement. This final payment was not received by the due date and a new payment arrangement was subsequently negotiated with Soar Labs. The Board of BPPL agreed to the transfer of 544,726.60 Ripple coins from Soar Labs Pte Ltd to BPPL's nominated wallet address to settle US\$200,000 of the final settlement payment owing by Soar Labs Pte Ltd to BPPL and also the transfer of 801,392 soar coins. As at the date of this report the balance remaining to finalise the settlement is US\$120,556.97 and this balance remains outstanding. The Board of Byte Power Pty Ltd is considering its position in relation to this matter.

Shares remain suspended from trading on ASX pending an outcome of the ASX investigations.

The Company was a party to legal proceedings commenced by Konzept APS during the year. These proceedings related to legal fees owing to Konzept APS for recovery action taken for prepayments made by Konzept APS to the Group. Payment of the amount claimed was made on 11th July 2019 and this matter is now finalised.

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REMUNERATION REPORT (Audited)

Directors' and other Officers' Remuneration

Remuneration policy

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and the executive team to ensure maximum shareholder returns through the retention of high quality Board and executive team members.

Remuneration is structured to give optimal benefit to the recipient without creating undue costs to the Group.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency *and*
- Capital management

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Both non-executive and executive director's fees reflect the demands which are made on, and the responsibilities of, the directors. These fees are reviewed annually and are inclusive of committee fees.

Details of Remuneration of Key Management Personnel

Name	Title and appointment date	Contractual arrangement with KMP
Alvin Phua	Executive Chairman and Chief Executive Officer 1 December 2002	No fixed term. 6 months' notice required to terminate.
William Yuen (appointed 15 March 2019)	Non Executive Director 15 March 2019	3 year term from 15 March 2019.
Yano Lim	Non Executive Director 9 November 2015	3 year term from 9 November 2018.
Michael Wee	Non Executive Director 15 December 2017	3 year term from 15 December 2017.

Details of the nature and amount of each element of the emolument, of each director of the company and each of the other key management personnel for the financial year are as follows:

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Details of Remuneration of Key Management Personnel (continued)

Equity instruments of Key Management Personnel

Interest in the equity instruments of Byte Power Group Limited held by directors and key management personnel, including their director related entities as at 30 June 2019:

Ordinary shares Fully Paid

	2018 Number	Additions (Share-Based Payments)	Disposal	2019 Number
Alvin Phua	634,477,395	-	-	634,477,395
William Yuen*	23,959,021	-	-	23,959,021
Yano Lim	54,425,000	-	-	54,425,000
Michael Wee	-	-	-	-
	712,861,416	-	-	712,861,416

There were no options over ordinary shares held by KMP during the year ended or as at 30 June 2019.

*William Yuen was appointed on 15th March 2019

Directors of Byte Power Group Limited

2019	Short Term Benefits			Post Employment Benefits		Share Based Payments	Other	Total	Proportions of Remuneration Related to Performance
	Salary & Fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Retirement benefits \$	Bonus Shares (1) \$	\$	\$	%
Alvin Phua	35,000	-	-	3,500	-	-	-	38,500	-
Raphael Tham (resigned 15 March 2019)	18,750	-	-	-	-	-	-	18,750	-
William Yuen (appointed 15 March 2019)	7,500	-	-	-	-	-	-	7,500	-
Yano Lim	25,000	-	-	2,500	-	-	-	27,500	-
Michael Wee	44,500	-	-	4,450	-	-	-	48,950	-
	130,750	-	-	10,450	-	-	-	141,200	-

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Details of Remuneration of Key Management Personnel (continued)

Directors of Byte Power Group Limited (continued)

2018	Short Term Benefits			Post Employment Benefits		Share Based Payments	Other	Total	Proportions of Remuneration Related to Performance
	Salary & Fees	Cash bonus	Non-monetary	Super-annuation	Retirement benefits	Bonus Shares (1)			
	\$	\$	\$	\$	\$	\$	\$	\$	%
Alvin Phua	35,000	-	-	3,500	-	600,000	-	638,500	94.0%
Raphael Tham	25,000	-	-	-	-	200,000	-	225,000	88.9%
Yano Lim	25,000	-	-	2,500	-	30,000	-	57,500	52.1%
Michael Wee (appointed 15 December 2017)	12,500	-	-	1,250	-	-	-	13,750	-
	97,500	-	-	7,250	-	830,000	-	934,750	88.1%

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Details of Remuneration of Key Management Personnel (continued)

Executives of Byte Power Group Limited

2019	Short Term Benefits			Post Employment Benefits		Share Based Payments	Other	Total	Proportions of Remuneration Related to Performance
	Salary & Fees	Cash bonus	Non-monetary	Super-annuation	Retirement benefits	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Alvin Phua (separate to above)	204,728	-	-	20,473	-	-	-	225,201	-
	204,728	-	-	20,473	-	-	-	225,201	-

2018	Short Term Benefits			Post Employment Benefits		Share Based Payments	Other	Total	Proportions of Remuneration Related to Performance
	Salary & Fees	Cash bonus	Non-monetary	Super-annuation	Retirement benefits	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Alvin Phua (separate to above)	204,728	-	-	20,473	-	-	-	225,201	-
	204,728	-	-	20,473	-	-	-	225,201	-

* The elements of emoluments have been determined on the basis of the cost to the Group.

* Executives are those directly accountable and responsible for the operational management and strategic direction of the Group.

* Amounts owing to KMP at balance date.

* Other transactions with KMP and/or their related parties

There were no other transactions conducted between the Group and KMP or other related parties, apart from those relating to equity, compensation, payables, that were conducted other than in accordance with normal employee, customer or supplier relationship, on terms no more favourable than those reasonably expected under arms' length dealings with unrelated persons.

End of Remuneration Report (Audited)

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Directors' Meetings

The number of meetings of the Company's Board of directors held (including meetings of committees of directors) during the year ended 30 June 2019 and the numbers of meetings attended by each director were:

	Directors' meeting		Audit committee		Remuneration committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Alvin Phua	9	9	2	2	-	-
Raphael Tham	5	5	2	2	-	-
William Yuen	3	3	-	-	-	-
Yano Lim	9	9	2	2	-	-
Michael Wee	9	8	2	2	-	-

Committee Membership

As at the date of this report, the company had an Audit Committee and a Remuneration Committee.

Audit Committee

William Yuen (Chairman)
Yano Lim
Michael Wee

Remuneration Committee

Alvin Phua (Chairman)
Yano Lim
Michael Wee

Auditor

PKF Brisbane Audit continues in office in accordance with Section 327 of the *Corporation Act 2001*.

There are no former partners or directors of the company's auditor, or former auditor, who is or was at any time during the year an officer of the company.

Non-audit services

The Board of directors, in accordance with advice from the audit committee, is satisfied that no services outside the scope of audit were provided by the company's auditor.

Auditor Independence

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

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Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Byte Power Group Limited support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained on pages 20 to 27 of the annual report.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, consisting of a stylized 'A' followed by a horizontal line.

Alvin Phua
Executive Chairman & CEO

Brisbane, 30 September 2019

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
BYTE POWER GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

BRISBANE, 30 SEPTEMBER 2019

BYTE POWER GROUP LIMITED
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CORPORATE GOVERNANCE

Corporate Governance Statement

The board of directors of Byte Power Group Limited ("the Company") is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of Byte Power Group Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Byte Power Group Limited's Corporate Governance Statement is now structured with reference to the Australian Stock Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations – 3rd Edition" ("Corporate Governance Council Recommendations") which can be found on the ASX's website.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which it considers will enable it to meet the principles of good corporate governance.

The following section addresses Byte Power Group Limited's practices in complying with the Corporate Governance Council Recommendations:

Corporate Governance Council Recommendation		Statement Commentary	Explanation of Departure with ASX Recommendation
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The Board exists to lead and oversee the management and direction of the Company. The skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report for the financial year ended 30 June 2019 ("Annual Report") is included in the Director's Report of the Annual Report.	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	In each instance, appropriate background checks were carried out on each candidate prior to their appointment or nomination for election. Material information relevant to a decision about each candidate for election or re-election is contained in the Notice of Meeting.	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Directors and senior executives have written agreements setting out the terms of their appointment.	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Board has access to the Company Secretary (who is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board) and has procedures for the provision of information, including requests for additional information.	

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Corporate Governance Council Recommendation		Statement Commentary	Explanation of Departure with ASX Recommendation
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>No formal diversity policy has been established.</p>	<p>Given the size and scope of the Company's operations, its business interests and the ongoing involvement of all directors it is not considered necessary that such procedures be formalised.</p> <p>Although there were no written policies disclosed, gender diversity is accepted and practiced within the Company.</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>There have been no formal disclosure of the performance evaluation of the Board, committees, individual directors and key executives. No formal review has been undertaken.</p>	<p>Given the size of the Company and the involvement of all directors, a policy has not been implemented. However, the Board will continually monitor, review and discuss performance and implement changes where necessary.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Chairman is responsible for approving the performance objectives and measures of other senior executives in consultation with the Board.</p> <p>The Board has adopted an on-going, self-evaluation process to measure its own performance and the performance of its committees.</p>	

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Corporate Governance Council Recommendation		Statement Commentary	Explanation of Departure with ASX Recommendation
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>A separate nomination committee has not been formed.</p>	<p>The role of the nomination committee is carried out by the full Board. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate nominations committee.</p> <p>Membership of the Board is reviewed on an ongoing basis by the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's existing businesses and objectives.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>When a Board vacancy occurs, the Board identifies the particular skills, diversity, experience and expertise that will best complement Board effectiveness, and undertakes a process to identify candidates who can meet those criteria.</p>	
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>During the period of the Annual Report, the independent members of the Board were:</p> <p>- Mr Raphael Tham (resigned 15 March 2019)</p> <p>- Mr William Yuen (appointed 15 March 2019)</p> <p>- Mr Yano Lim (Independent non-executive director) from 9 November 2015 to present</p> <p>- Mr Michael Wee (Independent non-executive director) from 15 December 2017 to present</p> <p>An independent director is a non-executive director and:</p> <p>(a) is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;</p> <p>(b) within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment</p> <p>(c) within the last three years has not been a principal of a material professional adviser or a material consultant to the company, another group member, or an employee materially associated with the service provided;</p>	

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Corporate Governance Council Recommendation		Statement Commentary	Explanation of Departure with ASX Recommendation
		<p>(d) is not a material supplier or customer of the company or other group, member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;</p> <p>(e) has no material contractual relationship with the company or another group member other than as a director of the company;</p> <p>(f) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company;</p> <p>(g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.</p> <p>In accordance with the Council's definition of independence above, the following directors are considered to be independent at the date of this report:</p> <p>Mr Yano Lim and Mr Michael Wee are independent directors.</p>	
2.4	A majority of the board of a listed entity should be independent directors.	The Board comprises of two independent non-executive directors, one non-executive director and one executive director (the Chairman & CEO).	
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Chairman is not an independent director and is also the CEO.	Given the size and scope of the Company's operations, the Board considers that there is no real benefit to be gained by appointing an independent chairman. Being a founder of the group, Mr Phua remains a driving force in the future of the Company.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Board provides an appropriate induction program for new directors, which includes onsite visits in order to familiarise them to the Company's operations. Directors are encouraged to develop professionally in the necessary skills required to maintain relevant knowledge.	
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Board acknowledges and emphasises the importance of all Directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.</p> <p>A Code of Conduct has been established requiring the Directors and employees to:</p> <ul style="list-style-type: none"> - act honestly and in good faith; - exercise due care and diligence in fulfilling the functions of office; - avoid conflicts and make full disclosure of any possible conflicts of interest; - encourage the reporting and investigating of unlawful and unethical behaviour; - comply with the law; and - comply with the Securities trading policy outlined in the Code of Conduct. 	

BYTE POWER GROUP LIMITED
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Corporate Governance Council Recommendation	Statement Commentary	Explanation of Departure with ASX Recommendation
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING		
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>The Board has established an audit committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.</p> <p>The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control, ethical standards for the management of the Group, nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory and half yearly review or audit to the audit committee.</p> <p>The Audit committee is chaired by an independent director and has three members.</p> <p>The members of the audit committee were, at the date of the Annual Report, Mr William Yuen (non-executive director), Chairman, Mr Yano Lim (non-executive director), Member and Mr Michael Wee (non-executive director), member.</p>	
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>The CEO and Company Accountant state in writing to the Board each reporting period that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.</p> <p>The statements from the CEO and Company Accountant are based on a formal sign off framework established throughout the Company and reviewed by the Audit Committee as part of the six-monthly financial reporting process.</p> <p>The CEO and Company Accountant state in writing to the Board each reporting period that:</p> <ul style="list-style-type: none"> - the financial records of the Company for the year have been properly maintained in accordance with section 286 of the Corporations Act 2001; - the financial statements, and the notes for the year comply with the accounting standards in all material respects; and - the risk management and internal control systems, to the extent that they relate to financial reporting, are operating effectively in all material respects based on the risk management model adopted by the Company. 	

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Corporate Governance Council Recommendation		Statement Commentary	Explanation of Departure with ASX Recommendation
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The senior engagement partner (or his representative) of the Company's external auditor, PKF Brisbane, attends the Company's Annual General Meetings (AGM) and is available to answer questions from shareholders about the audit. The Chairman advises the shareholders of this at the commencement of each AGM.	
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>The Board has adopted a Continuous Disclosure Policy to ensure the Company complies with its disclosure obligations under ASX Listing Rules and the Corporations Act.</p> <p>The Continuous Disclosure Policy is designed to meet market best practice, ensuring that company announcements are:</p> <ul style="list-style-type: none"> - made in a timely manner; - factual; - do not omit material information; - are expressed in a clear and objective manner that allow investors to assess the impact of the information when making investor decisions. 	
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>The Board makes timely announcements in line with continuous disclosure obligations. The Board is conscious of the need to continually keep shareholders and the market advised. Accordingly, timely announcements are made which ensure that shareholders and the market are adequately informed about its activities.</p> <p>All announcements are also being posted on our website www.bytepowergroup.com which is accessible by the public.</p>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Chairman holds post results (full year and interim) meetings with financial analysts and institutional investors and brokers in Australia and internationally.	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>Shareholders are also encouraged to participate in the AGM to ensure a high level of accountability and identification with the Company's strategies and goals. Important issues are presented to shareholders as separate resolutions.</p> <p>Shareholders who are unable to attend the AGM may vote by appointing a proxy using the form included with the Notice of Meeting.</p>	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company gives Shareholders the option to receive communications from and send communications to the Company and its security registry electronically.	

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Corporate Governance Council Recommendation		Statement Commentary	Explanation of Departure with ASX Recommendation
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>There has been no written implementation of policy on risk oversight and management or for senior management to make statements to the Board concerning those matters.</p>	<p>Given the nature and size of the Company, its business interests and the involvement of all directors, it is considered unnecessary to establish this practice at this time; however, the principles are adopted in circumstances where an event or issue is deemed to require it.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>There has been no written implementation of policy on risk oversight and management or for senior management to make statements to the Board concerning those matters.</p>	<p>Given the nature and size of the Company, its business interests and the involvement of all directors, it is considered unnecessary to establish this practice at this time; however, the principles are adopted in circumstances where an event or issue is deemed to require it.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company utilises both external and internal resources to provide an internal control function.</p>	<p>The external auditors are requested to report any internal control issues that are identified in the course of review of the Company's half-year results and the audit for the full year results.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Board believes that the Company does not have any material exposure to environmental and social sustainability risks. The Company, by the nature of the business it conducts has exposure to various economic risks which could affect the Company's results materially. Such risks include, but are not limited to, business risk, changes in law, asset impairment, litigation, contractual risk, foreign exchange movements, changes in taxation law, economic and financial market conditions in various countries and political risks.</p> <p>The Company manages these risks by recognising them, monitoring them and adopting business practices which it believes are best suited to countering or minimising these risks.</p>	

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Corporate Governance Council Recommendation		Statement Commentary	Explanation of Departure with ASX Recommendation
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Remuneration Committee is responsible for reviewing and recommending compensation arrangements for the directors, the CEO and the senior management team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and management team.</p> <p>The Remuneration Committee is chaired by an independent director and has three members.</p> <p>The members of the Remuneration Committee were, at the date of the Annual Report, Mr Alvin Phua (executive director), Chairman, Mr Yano Lim (non-executive director), Member and Mr Michael Wee (non-executive director), member.</p>	
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>The Company has not disclosed remuneration policies for executive and non-executive directors.</p>	<p>Given the size and scope of the Company's operations, its business interests, remuneration and other benefits paid to its directors, the Board does not consider it yet to be necessary to formulate the policies. At the appropriate time, this approach will be re-evaluated.</p> <p>Remuneration for non-executive directors has been, and continues to be, in accordance with the general principles recommended by the ASX, that is, directors receive a fixed fee for their services and do not receive performance-based remuneration. To the extent that such directors perform services that exceed the commitment expected of them, they are eligible to receive additional fees. In 2019, the Board (including the non-executive Directors) were issued one-time performance bonuses.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company does not currently have an equity-based remuneration scheme.</p>	

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

		CONSOLIDATED	
		30 JUNE 2019	30 JUNE 2018
			(restated)*
	Note	\$	\$
Revenues			
Revenues from continuing activities	2	1,054,196	1,163,733
Cost of goods sold		(314,693)	(1,209,812)
Gross profit		739,503	(46,080)
Other income / (expense)	3	117,476	929,920
Depreciation and amortisation expenses	4	(22,772)	(15,716)
Finance cost expenses	4	(657,829)	(357,725)
Salaries and employee benefits expenses		(319,028)	(412,338)
Directors' fees		(148,920)	(104,750)
Share based payments	28	-	(830,000)
Rent and outgoings		(95,384)	(70,749)
Travel, accommodation and entertainment		(166,685)	(250,852)
Consultants and Professional fees		(529,505)	(905,615)
Loss on revaluation – cryptocurrency		-	(1,067,765)
Fair value adjustment - sundry creditors		(88,614)	-
Provision for impairment – trade receivables		(1,134,969)	(2,509,785)
Loss on settlement – cryptocurrency	4	-	(4,734,364)
Other expenses from ordinary activities		(199,573)	(894,048)
Profit / (loss) before related income tax		(2,506,300)	(11,269,867)
Income tax (expense) / benefit		-	-
Profit / (loss) for the year		(2,506,300)	(11,269,867)
Total profit/ (loss) attributable to:			
Owners of Byte Power Group Limited		(2,506,300)	(8,367,429)
Non-controlling interests		-	(2,902,438)
		(2,506,300)	(11,269,867)

The accompanying notes form part of the financial statements.

* Refer to Note 32 for information on restated balances.

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

(continued)

	CONSOLIDATED 30 JUNE 2019	30 JUNE 2018 (restated)*
	\$	\$
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	(9,873)	17
Asset revaluation of cryptocurrency	-	(7,376,656)
Total other comprehensive income for the year, net of tax	(9,873)	(7,376,639)
Total comprehensive income after tax	(2,516,173)	(18,626,506)
Total comprehensive income attributable to:		
Owners of Byte Power Group Limited	(2,516,173)	(12,677,100)
Non-controlling interests	-	(5,969,406)
	(2,516,173)	(18,646,506)

	CONSOLIDATED 30 JUNE 2019	30 JUNE 2018 (restated)*
Earnings per share:		
		Cents per share
Basic earnings per share	31 (0.082)	(0.316)
Diluted earnings per share	31 (0.082)	(0.316)

The accompanying notes form part of the financial statements.

* Refer to Note 32 for information on restated balances.

BYTE POWER GROUP LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		CONSOLIDATED	
	Note	30 JUNE 2019	30 JUNE 2018
		\$	(restated)*
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	11,942	72,759
Receivables	8	200,865	3,032,867
Inventories	9	32,795	60,513
Intangible assets - cryptocurrency	10	77,096	50,530
Other		3,620	3,620
TOTAL CURRENT ASSETS		326,318	3,220,289
NON-CURRENT ASSETS			
Plant and equipment	11	-	4,513
Intangible assets – software development	12	376,082	157,099
Other	13	16,500	16,500
TOTAL NON-CURRENT ASSETS		392,582	178,112
TOTAL ASSETS		718,900	3,398,401
CURRENT LIABILITIES			
Payables	14	1,948,979	3,444,303
Related Party Payables	15	1,387,923	1,047,500
Interest bearing liabilities (related parties)	16	1,219,725	281,096
Provisions	17	305,287	283,819
Deferred revenue	18	79,551	-
TOTAL CURRENT LIABILITIES		4,941,465	5,056,718
NON-CURRENT LIABILITIES			
Convertible loans	19	1,078,316	1,069,012
Related party payables	20	86,946	115,476
Interest bearing liabilities (related parties)	16	2,159,911	2,188,760
Long term liabilities	21	17,500	17,500
TOTAL NON-CURRENT LIABILITIES		3,342,673	3,390,748
TOTAL LIABILITIES		8,284,138	8,447,466
NET ASSETS		(7,565,238)	(5,049,065)
EQUITY			
Contributed equity	22	53,944,922	53,944,922
Reserves	23	(80,206)	(70,333)
Accumulated losses		(61,429,954)	(58,923,654)
EQUITY ATTRIBUTED TO OWNERS OF BYTE POWER GROUP LTD		(7,565,238)	(5,049,065)
NON-CONTROLLING INTERESTS		-	-
TOTAL EQUITY		(7,565,238)	(5,049,065)

The accompanying notes form part of the financial statements.

* Refer to Note 32 for information on restated balances.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Contributed equity \$	Reserves \$	Accumulated losses (restated)* \$	Non-Controlling Interest \$	Total \$
Balance at 1 July 2017	53,109,922	13,169,084	(58,344,481)	4,827,916	12,762,442
Loss for the year	-	-	(8,367,429)	(2,902,438)	(11,269,867)
Total other comprehensive income	-	(4,309,670)	-	(3,066,969)	(7,376,639)
Total comprehensive income	-	(4,309,670)	(8,367,429)	(5,969,407)	(18,646,506)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the period	5,000	-	-	-	5,000
Share based payments	830,000	-	-	-	830,000
Transfer to reserve	-	(2,781,339)	2,781,339	-	-
Derecognition of non-controlling interest in Byte Power Pty Ltd	-	(6,148,408)	5,006,918	1,141,490	-
Contribution by members	835,000	(8,929,747)	7,788,257	1,141,490	835,000
Sub-total	53,944,922	(70,333)	(58,923,654)	-	(5,049,065)
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2018	53,944,922	(70,333)	(58,923,654)	-	(5,049,065)
Balance at 1 July 2018	53,944,922	(70,333)	(58,923,654)	-	(5,049,065)
Loss for the year	-	-	(2,506,300)	-	(2,506,300)
Total other comprehensive income	-	(9,873)	-	-	(9,873)
Total comprehensive income	-	(9,873)	(2,506,300)	-	(2,516,173)
Sub-total	53,944,922	(80,206)	(61,429,954)	-	(7,565,238)
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2019	53,944,922	(80,206)	(61,429,954)	-	(7,565,238)

The accompanying notes form part of the financial statements.

* Refer to Note 32 for information on restated balances.

BYTE POWER GROUP LIMITED
And its controlled entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	CONSOLIDATED 2019 \$	2018 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		317,621	229,535
Receipts from sale of BPX tokens		1,106,777	-
Payments to suppliers and employees		(1,915,131)	(3,428,952)
Interest received		-	-
Soar Labs settlement proceeds		612,270	-
Interest and other costs of finance paid		(38,469)	(4,271)
Net cash provided by / (used in) operating activities	24	83,068	(3,203,688)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	(388)
Payment for intangible assets		(329,063)	(64,434)
Proceeds from disposal of cryptocurrency assets		163,153	2,393,814
Proceeds from partial disposal of subsidiary		-	-
Net cash provided by / (used in) investing activities		(165,910)	2,328,992
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible notes		-	1,000,000
Proceeds from borrowings		474,187	31,761
Repayment of borrowings		(452,162)	(102,903)
Payment for lease liabilities		-	-
Net cash provided by / (used in) financing activities		22,025	928,858
Net increase / (decrease) in cash held		(60,817)	54,162
Effects of functional currency exchange rate change		-	(623)
Cash at beginning of year		72,759	19,221
Cash at end of year	7	11,942	72,759

The accompanying notes form part of the financial statements.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies

The financial report includes the consolidated financial statements and notes of Byte Power Group Limited ("the Company") and its controlled entities ("the Group"). The separate financial statements of Byte Power Group Limited as an individual entity ("the Parent entity") have not been presented within the financial report as permitted by amendments made to the *Corporations Act 2001*. The entity is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report is presented in Australian dollars, which is the Group's functional and presentation currency.

The principle 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.

(a) Basis of Accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Compliance with IFRSs

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 to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

Going Concern

This financial 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 made a loss from continuing operations before tax of \$2,506,300 for the year ended 30 June 2019 (2018: loss of \$11,269,867). The consolidated entity was in a net current asset deficiency position of \$4,615,147 and net asset deficiency position of \$7,565,238 as at 30 June 2019 (2018: net current asset deficiency of \$1,836,429 and net asset position of \$5,049,065).

Given the consolidated entity's 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.

It is worth highlighting the following in relation to the recorded net current liability position as at 30 June 2019:

- Included in recorded current liabilities, are related party liabilities totalling \$2,607,648, which make up nearly 53% of the current liabilities recorded at 30 June 2019. These liabilities may not require cash settlement over the next 12 months;
- Deferred revenue of \$79,551 as at 30 June 2019 is expected to be realised as revenue over the coming periods and does not require cash settlement;
- Although the net debtor balance (after applying a provision for impairment) recorded as at 30 June 2019 is \$200,865 in current assets, the face value of the underlying trade debtors (representing predominantly wine debtors) or prepayments are \$4,591,698. Whilst these balances have been conservatively provided against due to their long outstanding characteristics, management are actively pursuing recovery of the gross amounts in full.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies (continued)

Notwithstanding the above, 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 Group to fund operating and investing activities and cash flow requirements;
- Obtaining additional working capital in the form of cash receipts from the sale of other assets of the consolidated entity including the sale of BPX tokens to enable the consolidated entity to fund operating and investing activities cash flow requirements;
- The generation of future positive cash flow by the underlying businesses; and
- Collection of outstanding wine debtors.

The Board has also commenced investigation into strategic opportunities expected to provide working and growth capital. The Board considers that these opportunities which might provide a pathway to both BPG recommencing trading and being able to realise the value of its Cryptocurrency Exchange.

These opportunities may include a partial disposal of a Group subsidiary, or a potential M&A transaction with an associated capital raising.

It is on the basis of the Group'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 Group 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 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 Group not continue as a going concern.

(b) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

BYTE POWER GROUP LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 28 to the financial statements.

(c) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where (a) a legally enforceable right of set-off exists and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; *and*
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on the gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(e) Foreign currency transactions and balances

i. Functional and presentation currency

The functional currency of the controlled 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.

ii. 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 Consolidated Statement of Comprehensive Income.

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 Consolidated Statement of Comprehensive Income.

iii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of the balance sheet

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies (continued)

- income and expenses for each Income Statement and Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange difference are recognised in other comprehensive income

On consolidation, exchange differences arising from the transaction of any net investment in foreign entities and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(f) Revenue Recognition

Revenue is recognised to the extent that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when control of the goods has transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled. Control of the goods transfers to the customer at the point when the goods are delivered to the customer.

(ii) Sale of services

Maintenance revenue represents non-refundable maintenance fees earned. Revenue and is recognised as the service is provided.

(iii) Sale of BPX tokens

Sale of BPX utility tokens are recognised for the face value of consideration received once the token has been issued.

Upon sale, a value for the utility attached to the token, which is an ability for the token holder to obtain discount on trading fees (ranging from 10% -40%), is derived and that component of the token sale revenue is deferred and recorded as deferred income.

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

(g) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 90 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where collection of the amount is no longer probable.

(h) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

(i) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment or whenever there is an indication of impairment. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies (continued)

(j) Investments

All non-current investments are carried at the lower of cost and recoverable amount.

(k) Plant and Equipment and Depreciation

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The expected useful lives are as follows:

Plant and equipment	3 to 5 years
Motor vehicles	4 to 5 years
Office furniture and equipment	3 to 8 years

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

The lease incentive liability in relation to the non-cancellable operating lease is being reduced on an imputed interest basis over the lease term at the rate implicit in the lease.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

If there is reasonable certainty that the Group will obtain ownership by the end of the lease term, the leased asset is depreciated over its useful life, otherwise leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Comprehensive Income.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(m) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods received, whether or not billed to the Group. Trade creditors are due for settlement no more than 30 to 60 days from the date of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender is recognised as an expense on an accrual basis.

BYTE POWER GROUP LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies (continued)

(n) Interest - Bearing Liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest, where applicable, is accrued over the period it becomes due and is recorded as part of the related loan.

(o) 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts, based on remuneration rates which are expected to be paid when the liability is settled.

Employee benefits expenses and revenues arising in respect of the following categories:

- Wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; *and*
- Other types of employee benefits are charged against profits on a net basis in their respective categories.

In respect of the Group, any contributions made to externally managed superannuation funds by entities within the Group are charged against profits when due.

(q) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, and short-term deposits.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and short-term deposits.

Bank overdrafts are carried at the principle amount. Interest is charged as an expense as it accrues.

(r) Contributed Equity

Issued and paid up capital is recognised at fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity or as a reduction of the share proceeds received.

(s) Earnings per Share (EPS)

Basic EPS is calculated as net profit or loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies (continued)

Diluted EPS is calculated as net profit or loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; *and*
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Intangible Assets – Software Development

Costs incurred in developing products or systems and costs incurred in acquiring software or licences that will contribute to future period financial benefits through revenue generation and / or cost reduction are capitalised as an intangible asset – software development. Similarly costs incurred on development projects (related to the design or testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and deliver future economic benefits and its costs can be measured reliably. Amortisation commences on capitalised costs upon project completion and the point at which the asset is ready for use. Research expenditure is expensed as incurred.

The software development intangible costs have an estimated useful life of 10 years. Amortisation has been applied on a straight-line basis.

(u) Intangible Assets – Cryptocurrency

Cryptocurrencies are indefinite life intangible assets initially recognised at cost. Cryptocurrencies are subsequently measured at Fair Value by reference to the quoted price in the appropriate active cryptocurrency market.

Increases in the Fair Value of the assets are credited to a revaluation reserve in equity. Decreases that offset previous increases are recognised against the revaluation surplus in equity with all other decreases being recognised in the profit and loss.

On disposal of cryptocurrencies the cumulative revaluation surplus associated with those currencies is translated directly to the retained earnings.

(v) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018. No changes in carrying amounts were required as a result of the change in accounting policy.

BYTE POWER GROUP LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies (continued)

Financial instrument category		
	AASB 139 Original	AASB 9 New
Financial assets		
Current and non-current		
Cash and cash equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost
Financial assets	Held-to-maturity investments	Financial assets at amortised cost
Trade and other receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost
Financial liabilities		
Current and non-current		
	AASB 139 Original	AASB 9 New
Trade and other payables	Amortised cost	Financial liabilities at amortised cost
Borrowings	Amortised cost	Financial liabilities at amortised cost

Impairment

The entity uses simplified approach to impairment, as applicable under AASB 9: Financial Instruments. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(w) New and Amended Accounting Policies Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. No retrospective adjustments were required as a result of changes in accounting policies and adoption the following standards:

- AASB 9: *Financial Instruments*, and
- AASB 15: *Revenue from Contracts with Customers*

BYTE POWER GROUP LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies (continued)

New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 16: Leases (applicable for annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will affect the Group's financial statements, the process of assessing its impact remains ongoing as at the date of this report. As there are currently no significant lease commitments, the impact is not expected to be material.

(x) Critical Accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates & Key Judgements:

- (i) Tax Losses not brought to account

The group is subject to income taxes in numerous jurisdictions. The determination of the group's provision for income tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the group's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. Summary of Significant Accounting Policies (continued)

(ii) Provision for Doubtful Debts

The recognition of provisions involves assumptions about the probability, amount and timing of the inflow of resources embodying economic benefits. A provision is recognised to the extent that an inflow of economic benefits is probable, and a reliable estimate can be made. Due to the aging of Trade Debtors as at 30 June 2019, an impairment amount equating to 10% of the debtor ledger balance of debtors aged 6mths to 1yr, 50% of the debtor ledger balance of debtors aged between 1yr and 2yrs and 100% of all debtor balances over 2yrs was provided for in the event of amounts being non-recoverable.

(iii) Valuation and Classification of Cryptocurrency

Valuation of Cryptocurrency

The value of Cryptocurrency is measured at fair value using the quoted price at balance date obtained from Coinmarketcap, translated from its denominated USD rate to an AUD rate. Coinmarketcap is the leading data aggregator of cryptocurrency exchange data in the cryptocurrency industry and aggregates data from global cryptocurrency exchanges that are listed with Coinmarketcap.

This is considered to represent a quoted price in an active market for identical assets. Management has selected Coinmarketcap as it is regarded as the most reputable source of current and historic pricing of cryptocurrencies based on trading volume and pricing from many of the largest global exchanges and uses an algorithm to determine the most accurate price of these cryptocurrencies. The aggregation of trading data provides appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

Classification of Cryptocurrency

Cryptocurrencies are considered to be identifiable non-monetary assets without physical substance. The group has determined that cryptocurrencies held are treated as intangible assets under the scope of AASB138: *Intangible Assets*.

Cryptocurrency held have been classified as a current intangible asset as it is expected that management will substantially dispose of or liquidate the coins held during the twelve months from balance date. This assumption relies on the ability of the Group to obtain acceptance of the cryptocurrency in securing extinguishment of creditors and to liquidate the coins to other cash and cash equivalents. There is inherent risk associated with both of these activities due to the acceptance of cryptocurrency by market participants, and the ability of the Group to liquidate coins for an acceptable price on an exchange where significant volumes are not currently traded.

(iv) Deferred revenue from BPX token sales

Judgement and estimates are required in determining the deferred portion of proceeds from sale of BPX tokens. Management estimates that 25% of the commissions generated from the BPX exchange will be from BPX token holders at an average discount per token holder of 30%.

(y) **Share-based Payments**

Share-based payments are recognised based on the last traded price of shares on the Australian Stock Exchange at the grant date or on the date the Notice of Meeting was finalised. Where the share-based payments give rise to the issue of new share capital, the fair value determined for the share capital issued in lieu of cash payments, is credited to share capital.

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	CONSOLIDATED 2019 \$	2018 \$
2. Revenue		
Revenues from operating activities		
Revenue from sale of goods	20,970	1,153,805
Revenue from BPX token sales	1,027,226	-
Revenue from services	6,000	9,927
Total revenues from continuing activities	1,054,196	1,163,733
3. Other income/expense		
Gain from Sale of cryptocurrency	40,755	775,411
FX gains and other income	76,721	154,509
Total revenues from continuing activities	117,476	929,920
4. Expenses		
Included in expenses are the following items:		
Depreciation of non-current assets		
- Plant and equipment	-	104
- Furniture and fittings	-	1,027
- Office equipment and other	4,513	14,585
Amortisation of software development	18,259	-
Total depreciation and amortisation expenses	22,772	15,716
Finance costs		
- Interest expense – director related entity (1)	494,906	58,119
- Other borrowing costs	162,923	299,606
Total finance costs	657,829	357,725
Loss on Settlement – Cryptocurrency (2)	-	4,734,364

(1) On 15 March 2019 William Yuen was appointed a director of Byte Power Group Ltd. Interest relating to a loan owing to a related party of Mr Yuen by Byte Power (Hong Kong) Ltd has been reflected in the director related entity interest expense for the year ended 30 June 2019. This loan interest had previously been reflected in "Other borrowing costs" for the year ended 30 June 2018.

(2) In January 2018, Soar Labs transferred an aggregate of 213,785,594 soarcoins from cryptocurrency wallets owned by BPG, BPPL and Alvin Phua into a cryptocurrency wallet owned/controlled by Soar Labs Pte Ltd ("Soar Labs"). The Group was subsequently notified by Soar Labs that the soarcoins had been temporarily suspended based on a number of allegations made by Soar Labs. The Directors conservatively elected to record a provision for impairment relating to intangible assets (cryptocurrency) as at 31 December 2017 of \$6.69 million.

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4. Expenses (continued)

The Group subsequently commenced legal proceedings against Soar Labs in the High Court of the Republic of Singapore and on 9 February 2018 were granted Proprietary and Mareva injunctions freezing the assets of Soar Labs. On 24 May 2018, the parties entered an agreement to settle the dispute, whereby Soar Labs agreed to pay BPG, BPPL and Alvin Phua an equivalent of US\$1.85 million in cash and cryptocurrencies in three tranches over a twelve-month period. Soar Labs also agreed to transfer the 49% minority interest it held in BPPL to BPG for no consideration. The settlement proceeds distribution was agreed between BPG, BPPL and Mr Phua and was based on the percentage of Soar Coins suspended held by each party.

CONSOLIDATED

2019	2018
\$	(restated)*
\$	\$

5. Income Tax Expense

The prima facie tax, on operating loss differs from the income tax provided in the financial statements as follows:

Profit / (loss) for the year	(2,506,300)	(11,269,867)
Prima facie tax on profit / (loss) from continuing operations at 27.5% (2018: 27.5%)	(689,233)	(3,099,213)
Tax effect of profit / losses of current period not brought to account	689,233	3,099,213
Tax losses utilised	-	-
Income tax expense / (benefit)	-	-
Unused tax losses for which no deferred tax asset has been recognised	38,480,481	35,974,181
Potential tax benefit at 27.5%	10,582,132	9,892,900

All unused tax losses were incurred by Australian entities. A deferred tax asset relating to available income tax losses will only be recognised if:

- a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- b) The conditions for deductibility imposed by tax legislation continue to be complied with; and
- c) No changes in tax legislation adversely affect the Group in realising the benefit.

Byte Power Group Limited and its wholly owned Australian controlled entities have decided to implement the tax consolidation legislation as of 27 November 2002. The Australian Taxation Office has been notified of this decision.

PARENT ENTITY

2019	2018
\$	\$

6. Parent entity financial information

Current assets	(32)	386,335
Total assets	16,467	476,599
Current liabilities	4,221,796	4,136,899
Total liabilities	18,754,156	17,496,208
Contributed equity	53,114,922	53,114,922
Reserves	(60,125)	(89,523)
Accumulated losses	(71,792,485)	(70,045,008)
	(18,737,688)	(17,019,609)
Net Profit/(Loss)	(1,554,319)	(1,596,827)
Total comprehensive income	(1,554,319)	(1,596,827)

Financial guarantees

The Parent entity has provided no financial guarantees.

* Refer to Note 32 for information on restated balances.

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6. Parent entity financial information (continued)

Contingent liabilities

The Parent entity has not provided for any contingent liabilities for the year ending 30 June 2019. There were no contingent liabilities for the year ended 30 June 2018.

During the year ended 30 June 2017, the Group successfully negotiated the timing of settlement of short and long-term liabilities at a discounted rate to the trustee in bankruptcy of a former director and shareholder of Byte Power Group Ltd, provided that the Group complied with payment terms outlined in the agreement. This agreement is still in effect. Should the Group be unable to comply with the payment terms in the agreement, the Group may be liable for the original full liability or a renegotiated amount. The Directors are not able to reliably determine the extent of any additional liability at this point, should non-compliance occur.

Commitments

The Parent entity entered into a Commercial Tenancy Agreement for its headquarters situated at 43 Nariel Street, Albion. The term of the Agreement is 3 years commencing on the 1st July 2018. The annual rental is \$60,000 gross + gst and is subject to an annual rent review including an increase of rental of 3% per annum or CPI (whichever is greater).

Going Concern

Refer to Note 1(a) for a summary of the basis upon which the Directors believe the going concern assumption is appropriate. This analysis is relevant for the Parent Entity also.

	CONSOLIDATED	
	2019	2018
	\$	(restated)*
	\$	\$
7. Current Assets - Cash and Cash Equivalents		
Cash at bank	11,942	72,759
8. Current Assets - Receivables		
Soar Labs Pte Ltd settlement receivables	171,905	707,038
Prepayments	1,203,315	1,145,394
Trade debtors	3,216,478	4,436,300
Provision for impairment	(4,388,833)	(3,255,865)
	200,865	3,032,867

The Group has significant concentration of credit risk to the class of assets described as Trade and other receivables.

On a geographic basis, the Group has significant credit risk exposures to China and Singapore given the substantial operations in the region. The Group's exposure to credit risk for receivables at reporting date to those regions is as follows.

Australia	3,711	3,711
Singapore	171,905	707,038
China	4,416,082	5,577,983
Provision for impairment	(4,388,833)	(3,255,865)
	200,865	3,032,867

Provision for impairment of receivables

Current trade receivables are non-interest-bearing loans and generally on 90-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in the other expenses item. Movement in the provision for impairment of receivables is as follows (refer to policy in note 1 (x)(ii)).

* Refer to Note 32 for information on restated balances.

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8. Current Assets - Receivables (continued)

	Opening balance	Charge for year	Provision no longer required	Closing balance
	\$	\$	\$	\$
2019	3,255,865	1,132,968	-	4,388,833
Provision for impairment				
2018				
Provision for impairment	794,346	2,461,519	-	3,255,865

Credit Risk – trade and other receivables

The following table details the Group's trade and other receivables exposed to credit risk with aging analysis and impairment provided for thereon. Amounts are considered 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining the debtors and are provided for where there are specific circumstances indicating that the debtors are not expected to pay. Receivables that are not past due are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross	Past due and impaired	Past due but not impaired (days overdue)				Within trade terms
			< 30 days	31 - 60 days	61 - 90 days	> 90 days	
	\$	\$	\$	\$	\$	\$	\$
2019							
Trade receivables	4,589,698	4,388,833	-	-	-	182,865	18,000
2018							
(restated)*							
Trade receivables	6,288,732	3,255,865	-	-	-	2,325,829	707,038

Neither the Group nor the parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

CONSOLIDATED
2019 **2018**
\$ \$

9. Current Assets - Inventories

Finished goods	<u><u>32,795</u></u>	<u><u>60,513</u></u>
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* Refer to Note 32 for information on restated balances.

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FOR THE YEAR ENDED 30 JUNE 2019

10. Intangible Assets - Cryptocurrency

	2019	2018
	Number	Number
Opening balance	3,000,000	303,462,024
Additions	801,302	3,000,000
Disposals or other (refer to Note 3)	(3,801,302)	(303,462,024)
Closing balance	-	3,000,000

Number of Bitcoins:

	Number	Number
Opening balance	-	-
Additions	10	-
Disposals or other (refer to Note 3)	4.8	-
Closing balance	5.2	-

CONSOLIDATED

	2019	2018
	\$	\$
Opening balance	50,530	21,409,561
Additions	189,721	120,305
Disposals	(163,155)	(6,484,913)
Revaluation	-	(14,994,424)
Closing Balance	77,096	50,530

Please refer to Note 1 (Accounting Policy and Critical estimates)

11. Non - Current Assets - Plant and Equipment

Plant and equipment:

At cost	8,000	8,000
Less: Accumulated depreciation	(8,000)	(8,000)
	-	-

Office furniture and equipment:

At cost	114,843	114,843
Less: Accumulated depreciation	(114,843)	(110,330)
	-	4,513

Leased assets:

At cost	36,500	36,500
Less: Accumulated depreciation	(36,500)	(36,500)
	-	-

Total plant and equipment	-	4,513
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11. Non - Current Assets - Plant and Equipment
(continued)

(a) Reconciliations

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year.

	CONSOLIDATED	
	2019	2018
	\$	\$
Plant and equipment		
Carrying amount at beginning	-	104
Disposals	-	-
Depreciation expense	-	(104)
	-	-
Office furniture and equipment		
Carrying amount at beginning	4,513	2,520
Additions	-	17,605
Depreciation expense	(4,513)	(15,612)
	-	4,513
Leased assets		
Carrying amount at beginning	-	-
Disposals	-	-
Amortisation expense	-	-
	-	-

12. Intangible Assets - Software Development

Software Development costs – Cryptocurrency Exchange development	394,340	157,099
Less: Accumulated depreciation	(18,258)	-
	376,082	157,099

13. Non-Current Assets - Other

Security deposits	16,500	16,500
Deposits - overseas	-	-
	16,500	16,500

14. Current Liabilities - Payables

Trade creditors	359,292	2,429,274
Other creditors	1,589,687	1,015,029
	1,948,979	3,444,303

Payables have decreased significantly due to the reclassification of an amount owing to a related entity of the new director from payables to interest bearing current liability – related party.

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CONSOLIDATED
2019 2018
\$ \$

15. Current Liabilities - Related Party Payables

Unsecured

Payable to Director related entities

1,387,923 1,047,500

Further information relating to loans from related parties is set out in Note 29.

16. Liabilities - Interest Bearing Liabilities
(related parties)

Current Liabilities (Unsecured loans from director or director related entities)

1,219,725 281,096

Non-current Liabilities (Unsecured loans from director related entities)

2,159,911 2,188,760

Further information relating to loans from related parties is set out in Note 29.

17. Current Liabilities - Provisions

Employee benefits (Note 25)

Balance at 1 July

283,819 255,184

Additional provisions

25,730 32,249

Amount used

(4,262) (3,614)

Balance as at 30 June

305,287 283,819

18. Current Liabilities - Deferred Revenue

Deferred revenue BPX tokens

79,551 -

19. Non-Current Liabilities - Convertible Loans

Loans – Unsecured converting loans (Non-current liability)

1,078,316 1,069,012

The converting loans bear interest between 8% and 10% per annum.

No collateral is required

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ENDED 30 JUNE 2019**

CONSOLIDATED
2019 2018
\$ \$

20. Non-Current Liabilities – Related Party Payables

Unsecured

Payable to Director related entity	86,946	115,476
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Further information relating to loans from related parties is set out in Note 26.

21. Non-Current Liabilities – Long Term Liabilities

Other payables	17,500	17,500
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22. Contributed Equity

(a) Issued capital

Ordinary shares fully paid	53,994,922	53,994,922
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		2019		2018	
	Notes	Number of Shares	\$	Number of Shares	\$
(b) Movements in ordinary share capital:					
Beginning of the financial year		3,065,069,989	\$53,994,922	2,235,069,989	\$53,109,922
Issued during the financial year					
– Share-based payments	28	-	-	830,000,000	\$835,000
End of the financial year		3,065,069,989	\$53,994,922	3,065,069,989	\$53,994,922

(c) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(d) Options on Issue

There were no listed or unlisted options on issue as at 30 June 2019.

(e) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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(e) Capital risk management (continued)

The capital structure of the company includes cash and cash equivalents, equity attributable to equity holders, comprising of contributed equity, reserves and accumulated losses. In order to maintain or adjust the capital structure, the company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the Group.

The Group monitors capital on the basis of cash flow requirements for operational and finance commitments. The Group's exposure to borrowings as at 30 June 2019 totals \$4,489,887 (2018: \$3,671,844). The Group will continue to use capital market issues to satisfy anticipated funding requirements. The Group's strategy to capital risk management is unchanged from prior years.

CONSOLIDATED
2019 **2018**
\$ **\$**

23. Reserves

Foreign currency translation reserve

(80,206) **(70,333)**

Foreign currency translation reserve - The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.

CONSOLIDATED
2019 **2018**
\$ **(restated)***
\$

24. Cash Flows Statement Information

(a) Reconciliation of Operating Loss After Income Tax to Net Cash Flows Used in Operations

Profit / (loss) from ordinary activities after income tax	(2,506,300)	(11,269,867)
Amortisation and depreciation of non-current assets	22,772	15,716
Share based payments	-	830,000
Loss on settlement - cryptocurrency	-	4,734,364
Change in assets and liabilities		
Decrease/(increase) in trade and other debtors	2,832,002	1,498,169
Decrease/(increase) in inventories	27,718	1,425
Decrease/(increase) in other assets	-	30,064
(Decrease)/increase in trade and other creditors	(314,592)	927,806
(Decrease)/increase in provisions	21,468	28,635
Net cash flow provided by/(used in) operating activities	83,068	(3,203,688)

(b) Changes in liabilities arising from financing activities

	Cashflow			Non-cashflow		
	1 July 2018	Receipts	Payments	Interest	Reclassification	30 June 2019
Interest bearing liabilities – related parties- current	281,096	474,188	(452,162)	14,828	901,775	1,219,725

The reclassification represents the amount owing to a related entity of the new director from payables to interest bearing current liability – related party.

* Refer to Note 32 for information on restated balances.

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CONSOLIDATED
2019 2018
\$ \$

25. Employee Benefits

Employee Benefits

The aggregate employee entitlement liability is comprised of:

- Provision (current)

305,287 283,819

26. Remuneration of Auditors

Audit and review of financial reports

58,523 74,968

27. Commitments and Contingent Liabilities

The group entered into a Commercial Tenancy Agreement for its headquarters situated at 43 Nariel Street, Albion. The term of the Agreement is 3 years commencing on the 1st July 2018. The annual rental is \$60,000 gross + gst and is subject to an annual rent review including an increase of rental of 3% per annum or CPI (whichever is greater).

In 2017, the Group successfully negotiated the settlement of short and long-term liabilities at a discounted rate provided that the Group complied with payment terms outlined in the agreement. The group renegotiated the payment terms during 2019. Should the Group be unable to comply with the payment terms in the amended agreement, the Group may be liable for the original full liability or a renegotiated amount. The Directors are not able to reliably determine the extent of any additional liability at this point, should non-compliance occur.

28. Related Parties and Key Management Compensation

(i) Key Management Personnel

The following persons were key management personnel of Byte Power Group Limited during the year:

A Phua	Executive Chairman & CEO
R Tham	Non Executive Director (resigned 15 March 2019)
W Yuen	Non-Executive Director (appointed 15 March 2019)
Y Lim	Non Executive Director
M Wee	Non Executive Director & Company Secretary

CONSOLIDATED
2019 2018
\$ \$

(ii) Key Management Personnel Compensation

Short term employee benefits	335,478	302,228
Post employment benefits	30,923	27,723
Share based payments	-	830,000
	<u>366,401</u>	<u>1,159,951</u>

The Group paid equity settled share-based payments to directors of Byte Power Group Ltd during the financial year ending 30 June 2018. This was in accordance with a resolution passed by shareholders at the 2017 Annual General Meeting ("AGM"). The fair value of these equity settled transactions was determined at 0.1 cent based on the last traded price of shares on the Australian Stock Exchange on the date the Notice of Meeting was finalised. Where the share-based payments give rise to the issue of new share capital, the fair value determined for the share capital issued in lieu of cash payments, is credited to share capital.

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28. Related Parties and Key Management Compensation (continued)

(iii) Interests in Controlled Entities

Name of Entity	Country of incorporation	Class of Shares	Equity holdings	
			2019 %	2018 %
Byte Power Pty Ltd*	Australia	Ordinary	100	100
Power Tech Systems Pty Ltd*	Australia	Ordinary	100	100
Byte Power (Hong Kong) Ltd^ **	Hong Kong	Ordinary	83.4	83.4
Byte Power Pte Ltd^	Singapore	Ordinary	100	100
Wine Power Pty Ltd*	Australia	Ordinary	100	100
Wine Power Pte Ltd^	Singapore	Ordinary	100	100
Treasure Hive Honey Pty Ltd*	Australia	Ordinary	100	100
Byte Power X Pty Ltd*	Australia	Ordinary	100	100

* These companies are classified as small proprietary companies under the *Corporations Act 2001* and therefore are not required to prepare or lodge accounts.

^ These companies are incorporated overseas.

** Due to the passive nature of the non-controlling interest in this subsidiary, and arrangements in place with the other shareholders, the Group accounts for both entities on the basis that it has 100% ownership of the company.

29. Related Party Transactions

Ultimate parent

Byte Power Group Limited is the ultimate Australian parent entity.

Director-Related Entity Transactions

All transactions with related parties were made on normal commercial terms and conditions except where stated, and are as follows:

Current Related Party Liabilities

The current related party payables represent amounts payable to director's related entities within the next 12 months as at 30 June 2019.

Current Non-Interest Bearing Related Party Payables

Related party payables represent the amount payable to director's related entities. These are provided on interest free terms.

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29. Related Party Transactions (continued)

Non-Current Interest Bearing Related Party Liabilities

Mr Alvin Phua (related party) and Ms Ethel Lau provided vendor finance to Willhart Limited (now "BPG") pursuant to a loan agreement dated 26 November 2002 for \$3,400,000 (Tranche 1 amount), \$1,500,000 (Tranche 2 amount) to enable BPG to complete the Share Sale Agreement. The same parties also provided vendor finance to BPG for \$1,095,000 in relation to the purchase of inventory.

These unsecured loan funds have been provided at a floating interest rate which is 2% above the prime lending rate and interest for the period amounted to \$269,069 (2018: \$246,136). As at 30 June 2019, the outstanding loan balance was \$2,159,911 (2018: \$2,188,760) after repayments during the year of \$160,635 (2018: \$128,790). Interest outstanding as at 30 June 2019 totals \$1,200,405 (2018: \$1,229,254).

The Non-Current Interest Bearing Related Party Liability relates to Mr Alvin Phua's principal and interest component of the loan as at 30 June 2019.

Non-Current Non-Interest Bearing Related Party Payables

Related party payables represent the amounts payable to director's related entities. These are provided on interest free terms.

30. Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of individual subsidiary investment since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis. As such operating segments have been determined to be:

Power Management

Supply state of the art power management technology including UPS devices and services and primarily sells into large corporations and hospitals.

IT&T

Provides IT consulting services, IT products trading and cryptocurrency exchange services.

Asian Business Division

Focusing on the wine and organic honey export business as well as pursuing both investment and business trade opportunities in Asia.

Other

All other operations of the Group.

Disclosure of Major Customers

The Group's revenues from fifteen customers accounted for \$1,027,276 or 97.4% of total sales revenues in the twelve months ended 30 June 2019. The revenue is predominantly generated through BPX token sales by Byte Power Pty Ltd throughout Asia.

The following is an analysis of the revenue and results for the years ended 30 June 2019 and 30 June 2018, analysed by operational segment.

Segment

Operating segment	Power Management		IT&T		Asian Business Division		Others		Total	
	2019	2018	2019	2018 (restated)*	2019	2018 (restated)*	2019	2018 (restated)*	2019	2018 (restated)*
Revenue										
Sales to customers outside the consolidated entity	6,000	9,927	1,027,340	-	20,856	1,153,805	-	-	1,054,196	1,163,732
Other revenue from customers outside the consolidated entity	-	-	-	-	-	-	-	-	-	-
Total segment revenue	6,000	9,927	1,027,340	-	20,856	1,153,805	-	-	1,054,196	1,163,732
Segment result										
Net Profit / (loss) before tax from continuing operations	2,975	(4,604)	(861,111)	(2,422,916)	(45,901)	(2,080,701)	(1,602,264)	(6,761,646)	(2,506,300)	(11,269,867)
Assets										
Segment assets	310,582	314,878	7,094,298	7,156,392	1,344,107	2,483,356	4,659,077	6,208,851	13,408,064	16,163,477
Eliminations	(310,567)	(314,878)	(6,407,761)	(5,450,402)	(1,328,226)	(1,190,619)	(4,642,609)	(5,809,177)	(12,689,163)	(12,765,076)
Total consolidated assets	15	-	686,537	1,705,990	15,881	1,292,737	16,468	399,674	718,900	3,398,401
Liabilities										
Segment liabilities	595,404	471,083	7,799,578	7,150,916	2,193,814	3,231,936	21,399,643	23,228,461	31,988,440	34,082,396
Eliminations	(442,160)	(449,505)	(5,800,584)	(6,249,022)	(1,791,602)	(1,763,228)	(15,669,955)	(17,173,175)	(23,704,301)	(25,634,930)
Total consolidated liabilities	153,244	21,578	1,998,994	901,894	402,212	1,468,708	5,729,688	6,055,286	8,284,139	8,447,466
Other Segment information										
Interest expense	-	-	3,913	3,858	222,511	74,900	431,405	278,967	657,829	357,725
Depreciation and amortisation	-	10,094	18,259	447	-	-	4,513	5,175	22,772	15,716
Impairment expense	-	-	-	-	1,134,969	2,509,785	-	-	1,134,969	2,509,785

BYTE POWER GROUP LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
OR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED	
	2019	2018
	\$	(restated)*
	\$	\$
31. Earnings per Share		
The following reflects the income and share data used in the calculation of basic and diluted earnings / (loss) per share:		
Net Profit / (Loss) for the year	(2,506,300)	(11,269,867)
Less: Profit (loss) attributable to non-controlling interest	-	(2,902,438)
Profit / (Loss) for the year attributable to members of the parent entity	(2,506,300)	(8,367,429)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	3,065,069,989	2,649,444,989
	Cents per share	
From continuing operations		
Basic earnings per share	(0.082)	(0.316)
Diluted earnings per share	(0.082)	(0.316)

32. Prior Period Adjustments

Due to an error made on the allocation of the total consideration to parties resulting from the Deed of Settlement with Soar Labs Pte Ltd in May 2018 the consolidated entity has had to restate the 30 June 2018 balance of its financial statements. The restatement below will increase (negative impact) the balance of Accumulated losses as at 30 June 2018.

	Reported at	Error	Restated 30
	30 June 2018	Adjustment	June 2018
Assets			
Receivables	3,855,149	(822,282)	3,032,867
Total Assets	4,220,683	(822,282)	3,398,401
Liabilities			
Total Liabilities	8,447,466	-	8,447,466
Equity			
Accumulated Losses	(58,101,372)	(822,282)	(58,923,654)
Total Equity	(4,226,783)	(822,282)	(5,049,065)
Revenue			
Total Revenue	1,163,733	-	1,163,733
Expenses			
Loss on revaluation - cryptocurrency	245,483	822,282	1,067,765
Total Expenses	11,611,318	822,282	12,433,600
Net Profit / (Loss) for the year	(10,447,585)	(822,282)	(11,269,867)

BYTE POWER GROUP LIMITED
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33. Subsequent Events

The company was a party to legal proceedings commenced by Konzept APS during the year. These proceedings related to legal fees owing to Konzept APS for recovery action taken for prepayments made by Konzept APS to the Group. Payment of the amount claimed was made on 11th July 2019 and this matter is now finalised.

On 19 July 2019, the High Court of the Republic of Singapore ruled that the defendants, Soar Labs Pte Ltd (Soar Labs) and New Wen Yuan must pay the group the remaining balance owing by Soar Labs, plus costs on a fully indemnity basis, plus interest on these balances from the date of the write until the date the payment is made.

Other than the matters mentioned above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

34. Financial Instruments

(a) Credit Risk Exposures

The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the Statement

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

(b) Interest Rate Risk

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liabilities is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity.

	Non bearing Interest \$	Floating interest rate \$	Fixed Interest rate maturing in 1 year or less \$	Fixed interest rate maturing in 1 to 5 years \$	Total \$
2019					
Financial assets					
Cash and cash equivalents	-	11,942	-	-	11,942
Receivables	200,865	-	-	-	200,865
	200,865	11,942	-	-	212,807
Weighted average interest rate %		-	-	-	
Financial liabilities					
Trade and other creditors	1,948,979	-	-	-	1,948,979
Converting loans	-	-	-	1,078,316	1,078,316
Loans from director related entity	-	3,379,639	-	-	3,379,639
Related party payables	1,474,869	-	-	-	1,474,869
	3,423,848	3,379,639	-	1,078,316	7,881,803
Weighted average interest rate %		10.0%	-	10.0%	
Weighted average interest rate %		-	-	-	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

34. Financial Instruments (continued)

	Non bearing Interest \$	Floating interest rate \$	Fixed Interest rate maturing in 1 year or less \$	Fixed interest rate maturing in 1 to 5 years \$	Total \$
2018					
Financial assets					
Cash and cash equivalents		72,759	-	-	72,759
Receivables	3,032,867	-	-	-	3,032,867
	<u>3,032,867</u>	<u>72,759</u>	<u>-</u>	<u>-</u>	<u>3,105,626</u>
Weighted average interest rate %		-	-	-	
Financial liabilities					
Trade and other creditors	3,444,303	-	-	-	3,444,303
Converting loans	-	-	-	1,069,012	1,069,012
Loans from director related entity	-	2,469,856	-	-	2,469,856
Related party payables	1,162,976	-	-	-	1,162,976
	<u>4,607,279</u>	<u>2,469,856</u>	<u>-</u>	<u>1,069,012</u>	<u>8,146,147</u>
Weighted average interest rate %		10.0%	-	10.0%	

(c) Sensitivity analysis

The following table illustrates sensitivities to the Group's exposure to changes in interest rates. The table indicates the impact on how profit reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	2019 \$	2018 \$
+100 bps in interest rate – increase / (decrease) in reported profit	33,677	(23,971)
-100 bps in interest rate – increase / (decrease) in reported profit	33,677	23,971

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

35. Company Details

Registered office address	43 Nariel Street Albion QLD 4010 Australia
Principal place of business	Byte Power Group Limited Byte Power Pty Ltd Byte Power X Pty Ltd Power Tech Systems Pty Ltd Wine Power Pty Ltd Treasure Hive Honey Pty Ltd 43 Nariel Street Albion QLD 4010 Australia Byte Power (Hong Kong) Ltd Room 2402, 24th Floor, Wing On House No. 71 Des Voeux Road Central Central, Hong Kong Byte Power Pte Ltd Wine Power Pte Ltd 149 Rochor Road #05-01 Fu Lu Shou Complex Singapore 188425

BYTE POWER GROUP LIMITED
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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Byte Power Group Limited, in the opinion of the directors of the company:

1. the financial statements and notes, as set out on pages 28 to 60, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated group;
2. 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
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer (or equivalent).



Alvin Phua
Executive Chairman & CEO

Brisbane, 30 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BYTE POWER GROUP LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Byte Power Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and 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.

In our opinion, the financial report of Byte Power Group Limited is in accordance with the Corporations Act 2001, including:

- a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to the following matter:

As outlined in Note 1, the consolidated group as at 30 June 2019 has recorded a net current asset deficiency of \$4,615,147 and net asset deficiency position of \$7,565,238. This, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Independence

We are independent of the consolidated entity in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

1. Liquidity and going concern

Why significant

As outlined in Note 1, the consolidated group as at 30 June 2019 has recorded a net current asset deficiency of \$4,615,147 and net asset deficiency position of \$7,565,238.

The financial statements continue to be prepared on a going concern basis as the Directors expect to obtain sufficient working capital to carry out its stated objectives for at least 12 months from the date of signing the financial statements.

The Group has prepared cash flow projections which include a number of assumptions and judgements and these projections are used to support the sufficiency of working capital. The most significant cash inflows projected are from the sale of BPX tokens, and fees earned from operations of the BPX cryptocurrency exchange. These projections have been prepared on the basis that cryptocurrency exchange turnover is assumed to grow, substantial BPX tokens are sold within the next 12 months, or there are other potential transactions or corporate activity which will provide additional working capital to the Group.

Given the judgement involved, and the audit effort required in reviewing and substantiating the forecast cash flows from operations or other working capital raising initiatives, we have included the funding and liquidity position as a key audit matter.

2. Revenue recognition – sale of utility tokens

Why significant

During the year, the group sold BPX utility tokens.

As the tokens are 'utility' tokens, there will be a requirement for BPX to defer a component of the revenue relating to the value of the future service or performance obligation attached to the tokens, being provided by BPX. The future obligation being provided by BPX to token-holders is a discount on commissions payable by token-holders for transaction activity undertaken by the token-holders.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Assessing the process undertaken to develop the Group's cash flow forecast and challenging the reasonableness of the key assumptions used in the forecast.
- Performing a retrospective review of the prior year cash flow forecast to assess the consolidated entity's historical accuracy in preparing cash flow forecasts and in applying this historical accuracy to the current cash flow forecast.
- Performing sensitivity analysis to determine the robustness of the cash flow forecast and the impact of changing key assumptions.
- Reviewing the classification of liabilities and assessing management ability to defer settlement beyond 12 months of amounts due to related parties.
- Assessing the adequacy of disclosures made by management in the consolidated financial statements
- Reviewing evidence of other funding initiatives being undertaken by the Group.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:-

- Reviewing the white paper which outlines the rights and conditions attached to the tokens.
- Obtaining an understanding, and assessing managements' calculations of the deferred revenue component of the token sales.
- Reviewing other available accounting guidance to confirm managements'

The formulation of the Group accounting policy and estimation of the deferred revenue requires significant management estimation and judgement.

We considered this a key audit matter due to the amount of BPX token sales relative to total revenue, and due to the degree of estimation and judgement involved in formulating assumptions in the model for determining the deferred revenue.

Management has disclosed in Note 1(f) its revenue recognition policy relating to the sale of BPX tokens, and in Note 1(x), the key areas of estimation and judgement involved in measuring the amount of revenue and deferred revenue.

accounting treatment and accounting policies for the sale of cryptocurrency are materially consistent with Australian Accounting Standards.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

We have obtained all the Other Information prior to the date of this Auditor's Report, which includes the Chairman's report, Review of Operations, Director's Report, Corporate Governance and Shareholder Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Byte Power Group Limited for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

30 SEPTEMBER 2019
BRISBANE

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BYTE POWER GROUP LIMITED
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SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 4 September 2019.

A. Distribution of equity securities

Analysis of numbers of ordinary share security holders by size of holding:

Range	Ordinary Share Holders
1 – 1,000	237
1,001 – 5,000	190
5,001 – 10,000	91
10,001 – 100,000	770
100,001 and over	1,145
	<u>2,433</u>

There were 807 holders of less than a marketable parcel of 500,000 ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number Held	Percentage of issued shares
Mr Alvin Phua	608,750,122	19.86
Mr Raphael Tham	200,000,000	6.53
Mr William Wai Yi Cheng	168,420,168	5.49
Mr Yaoqing Chen	153,825,649	5.02
Mr Xiaojing Song	150,000,000	4.89
Mr Wenhao Du	139,666,667	4.56
Citicorp Nominees Pty Limited	121,278,336	3.96
Mr Chris Carr & Mrs Betsy Carr	100,000,000	3.26
Mr Kenneth King	74,000,000	2.41
Mr Boon Kheng Ong	53,540,000	1.75
Mrs Ethel Lau & Mr William Cheng <Lau Superannuation Fund>	46,000,000	1.50
Tech Pacific Australia Pty Ltd	38,220,860	1.25
Happybugs Pty Ltd <Happybugs Family A/C>	33,069,937	1.08
Miss Ying Chen	25,630,567	0.84
Mr Tze-Fai Yuen	23,959,021	0.78
Mr Yano Lim & Mrs Susanty Lim <The Lim Super Fund A/c>	23,625,000	0.77
APEL Pacific Group Pty Ltd <The APEL Family A/c>	22,727,273	0.74
Fernjewel Pty Ltd	20,000,000	0.65
Mr Huat Lai Lee & Mrs Ai Wah Lee	18,750,000	0.61
BNP Paribas Noms Pty Ltd <DRP>	18,162,702	0.59
	<u>2,039,626,302</u>	<u>66.54</u>

BYTE POWER GROUP LIMITED
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SHAREHOLDER INFORMATION (continued)

Unquoted equity securities

There are no unquoted equity securities.

C. Substantial holders

Substantial holders in the company are set out below:

Name	Ordinary shares	
	Number Held	Percentage of issued shares
Mr Alvin Phua	608,750,122	19.86
Mr Raphael Tham	200,000,000	6.53
Mr William Wai Yi Cheng	168,420,168	5.49
Mr Yaoqing Chen	153,825,649	5.02

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

BYTE POWER GROUP LIMITED
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CORPORATE DIRECTORY

Directors

Alvin Phua (Executive Chairman, Chief Executive Officer)
William Yuen
Yano Lim
Michael Wee

Company Secretary

Michael Wee

Registered Office

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Solicitors

Hopgood Ganim Lawyers
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1 Eagle Street, Brisbane Qld 4000

Auditors

PKF Brisbane Audit
Level 6, 10 Eagle Street
BRISBANE QLD 4000

Share Registry

Link Market Services Limited
ANZ Building
Level 19, 324 Queen Street
BRISBANE QLD 4000
Telephone: +61 7 3320 2232
Facsimile: +61 7 3228 4999

Bankers

Commonwealth Bank of Australia
240 Queen Street
BRISBANE QLD 4000

National Australia Bank
Sunnybank Plaza
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Robertson QLD 4109

BYTE POWER GROUP LIMITED
And its controlled entities

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