

28 February 2019

STATEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE

Byte Power Group Half Yearly Results

Byte Power Group Limited reports on its performance for the half year ended 31 December 2018. Byte Power Group Ltd reported a loss for the half year ended 31 December 2018 of \$384,494 (December 2017: loss of \$8,073,986). The loss for the half year included an impairment provision expense for debtors of \$133,198.

The Group's revenues from continuing activities for the half year ended 31 December 2018 were \$641,921. This represents a decrease of 44.2% when compared to the same period last year (December 2017: \$1,150,063).

For the half year ended 31 December 2018, the IT&T segment reported revenues of \$635,921 compared to \$0 for the same period last year. This contributed to 99.1% of the revenues for the Group (December 2017: 0%). The Asian Business Division did not record any revenues during the period. In the December 2017 period the Asian Business Division had revenues of \$1,147,983 and contributed 99.8% of total revenue for the Group.

The Company maintains a positive outlook as the Group has now launched its Cryptocurrency Exchange and will continue to invest in growing this business which will enable Byte Power X Pty Ltd to establish itself as a major Cryptocurrency player in Australia and the Asia Pacific region. This investment is considered by the Board to represent an exciting opportunity for the Group to expand its IT&T business offering.

The Group continues to build its company profile and management team to support the opportunities in Asia and the outlook remains positive.



Michael Wee
Company Secretary
Byte Power Group Limited

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Appendix 4D

Byte Power Group Ltd and Controlled Entities

Results for announcement to the market

1. Company details

Name of entity

BYTE POWER GROUP LIMITED AND CONTROLLED ENTITIES

ABN or equivalent company reference

80 009 268 571

Half-year ended ('current period')

31 December 2018

Half-year ended ('previous period')

31 December 2017

2. Results for announcement to the market

| | Current Period | Previous Period | Movement | |
|--|--|-----------------------------|-----------|--------|
| | \$A | \$A | \$A | % |
| 2.1 Revenues from continuing activities | 641,921 | 1,150,063 | (508,142) | (44.2) |
| 2.2 Profit (loss) from continuing activities after tax attributable to members | (384,494) | (8,073,986) | 7,689,492 | 95.2 |
| 2.3 Net profit (loss) for the period attributable to members | (384,494) | (8,073,986) | 7,689,492 | 95.2 |
| 2.4 Dividends (distributions) | Amount per security | Franked amount per security | | |
| Interim dividend declared | Nil ¢ | Nil ¢ | | |
| It is not proposed to pay any dividend for the half-year. | | | | |
| 2.5 Record date for determining entitlements to the dividend | Not applicable. | | | |
| 2.6 Brief explanation of any figures in 2.1 to 2.4 necessary to enable the figures to be understood. | The commentary on the results for the period is contained in the "Review of Operations" included within the Directors' Report. | | | |

3. NTA backing

| | Current period - A cents | Previous corresponding period - A cents |
|--|--------------------------|---|
| Net tangible asset backing per ordinary security | (0.19) ¢ | (0.18) ¢ |

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4.1 Control gained over entities

Name of entity (or group of entities)

Not applicable.

Date control gained

Not applicable.

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material).

Not applicable.

Profit/(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.

Not applicable.

4.2 Loss of control of entities

Name of entity (or group of entities)

Not applicable.

Date control lost

Not applicable.

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material).

Not applicable.

Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).

Not applicable.

5. Dividends

Individual dividends per security

| | Date dividend is payable | Amount per Security | Franked amount per security at 30% tax | Amount per security of foreign source dividend |
|--------------------------|--------------------------|---------------------|--|--|
| Interim dividend: | | | | |
| Current period | Not applicable | Nil € | Nil € | Nil € |
| Previous period | Not applicable | Nil € | Nil € | Nil € |

6. Dividend reinvestment plans

The dividend or distribution reinvestment plans shown below are in operation.

Not applicable.

The last date for receipt of election notices for the dividend or distribution plans

Not applicable.

7. Details of associate and joint venture entities

| Name of Entity | Entity's percentage holding in each of these entities | | Entity's percentage holding in each of these entities | |
|-----------------|---|-----------------------------------|---|-------------------------------------|
| | Current period - % | Previous corresponding period - % | Current period - \$A | Previous corresponding period - \$A |
| Not applicable. | Not applicable | | Not applicable | |
| | | | | |


| Group's aggregate share of associates' and joint venture entities' profits/(losses) (where material): | Current period - \$A | Previous corresponding period - \$A |
|---|----------------------|-------------------------------------|
| Profit (loss) from ordinary activities before tax | - | - |
| Income tax on ordinary activities | - | - |
| Profit (loss) from ordinary activities after tax | - | - |
| Extraordinary items net of tax | - | - |
| Net profit (loss) | - | - |
| Adjustments | - | - |
| Share of net profit (loss) of associates and joint venture | - | - |

8. Foreign entities

| |
|---|
| For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International etc.) |
| This half-year release has been prepared in accordance with ASX Listing Rules, the disclosure requirements of ASX Appendix 4D, Australian Accounting Standards and the Corporations Act 2001. |

9. If accounts are subject to audit dispute or qualification, details are described below.

The group's financial report for the half-year ended 31 December 2018 has been subject to review by the group's auditor. The auditor's review report relating to the financial report for the half-year ended 31 December 2018 includes an emphasis of matter in respect of the preparation of the financial report on a going concern basis.

Sign here: 
.....
(Company Secretary)

Date: 28-Feb-19
.....

Print Name: Michael Wee
.....

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BYTE POWER GROUP LIMITED
ABN [80 009 268 571](#)

DIRECTORS' REPORT

The directors present their report on the Group consisting of Byte Power Group Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2018, made in accordance with a resolution of the directors.

Directors

The names of the directors of the company during the half year and as at the date of this report are:

Alvin Phua
Raphael Tham
Yano Lim
Michael Wee

Results

The Group has reported a loss for the half year ended 31 December 2018 of \$384,494 (December 2017: loss of \$8,073,986).

Review of Operations

Summary

The Group's revenues from ordinary activities for the period were \$641,921 compared to \$1,150,063 during the same period last year, representing a decrease of 44.2%.

The Group incurred a loss for the half year ended 31 December 2018 of \$384,494 compared to a loss of \$8,073,986 for the same period last year.

The Byte Power Group's IT&T Business segment contributed 99.1% of total revenue for the Group (\$635,921), which was largely due to sales of into new sales channels for its cryptocurrency assets.

Wine Power's sales revenues for the period were \$0 compared to \$1,147,983 for the same period last year. The decrease in wine sales was due to a focus of resources on the development of the Cryptocurrency Exchange. The company continues to identify opportunities to develop new channels into existing markets.

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BYTE POWER GROUP LIMITED
ABN [80 009 268 571](#)

DIRECTORS' REPORT **(continued)**

The Company's Power Management business did not experience any material growth for the half year ended 31 December 2018. The Group continues to explore opportunities for this division.

Due to the aging of certain trade receivables, a provision for impairment of \$133,198 was provided for in the period.

Subsequent Events

There are no matters or circumstances that have arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Outlook

The Group continues to develop its IT&T segment through its partnership with Wimobilize Singapore Pte Ltd in Australia and China. The Group has yet to open market opportunities in Singapore, Malaysia, New Zealand and Taiwan which it also represents.

The Group has also launched its Cryptocurrency exchange and is excited about the current and future opportunities this will bring to the IT&T Business unit.

New business opportunities for Wine Power will be explored through the wine distribution businesses in Asia, particularly with its 8 Eagles range.

The Board is optimistic that the rest of the year will yield positive results from all business segments of the business.

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BYTE POWER GROUP LIMITED
ABN [80 009 268 571](#)

DIRECTORS' REPORT
(continued)

Comments on the Group's operations and results

Detailed results are as follows:

| | 2018 | 2017 | 2018 |
|------------------------------------|------------------|--------------------|-------------|
| | \$ | \$ | % change |
| Revenue from ordinary activities | <u>641,921</u> | <u>1,150,063</u> | (44.2) |
| EBITDA | (163,488) | (8,681,557) | 98.1 |
| Depreciation and amortisation | (3,669) | (12,924) | |
| EBIT | <u>(167,157)</u> | <u>(8,694,481)</u> | 98.1 |
| Borrowing expenses | (217,337) | (162,978) | |
| Operating result before income tax | <u>(384,494)</u> | <u>(8,857,459)</u> | 95.7 |
| Income tax benefit | - | 783,474 | |
| Net profit (loss) | <u>(384,494)</u> | <u>(8,073,984)</u> | 95.2 |

Cashflow analysis

The company has current assets of \$2,645,205 (30 June 2018: \$3,220,289). During the period it recorded net cash generated through operating activities of \$104,149 (31 December 2017: net cash used in operating activities \$1,189,651).

Current liabilities of the Group as at 31 December 2018 was \$4,802,300 (June 2018: \$5,056,718).

The directors have considered the company and consolidated entity's operations and cash requirements for the next 12 months, as well as the positions with respect to the management of the payment of trade creditors, and are not aware of any reason, event or transaction that would result in the company not being able to pay its debts as and when they fall due. The company continues to have the support of major creditors, related parties and major shareholders. We are of the opinion that there are reasonable grounds to believe that the company has sufficient cash resources or access to additional cash resources to continue as a going concern.

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BYTE POWER GROUP LIMITED
ABN [80 009 268 571](#)

DIRECTORS' REPORT
(continued)

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the company's auditors, PKF Hacketts Audit, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the half year ended 31 December 2018. The Auditor's Independence Declaration is attached and forms part of this Directors' Report.

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

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

Alvin Phua
Chairman & CEO

Brisbane, 28 February 2019

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**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 half-year ended 31 December 2018, there have been no contraventions of:

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

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

28 FEBRUARY 2019
BRISBANE

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BYTE POWER GROUP LIMITED AND CONTROLLED ENTITIES
ABN 80 009 268 571

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

| | Note | Half-Year | |
|---|------|----------------------------|----------------------------|
| | | 2018 \$ | 2017 \$ |
| Revenue | | | |
| Revenue from continuing activities | 2 | 641,921 | 1,150,063 |
| Cost of goods sold | | (15,202) | (1,142,932) |
| Gross Profit | | 626,719 | 7,131 |
| Other income / (expense) | | | |
| Impairment expense - intangibles (Cryptocurrency) | | - | (6,689,735) |
| Other | | 150,277 | 1,709 |
| Depreciation and amortisation expenses | | (3,669) | (12,924) |
| Borrowing cost expenses | | (217,337) | (162,978) |
| Salaries and employee benefits expenses | | (185,540) | (236,951) |
| Directors' fees | | (73,550) | (45,500) |
| Rent and outgoings | | (57,269) | (47,459) |
| Travel, accommodation and entertainment | | (127,612) | (121,103) |
| Consultants / Professional fees | | (268,571) | (198,362) |
| Impairment provision expense - debtors | | (133,198) | (543,744) |
| Marketing and outgoings - all segments | | - | (651,735) |
| Other expenses from ordinary activities | | (94,746) | (155,809) |
| Profit/(loss) before related income tax | | (384,494) | (8,857,459) |
| Income tax (expense)/benefit | | - | 783,474 |
| Net profit/(loss) for the period attributable to members of the parent entity | | (384,494) | (8,073,986) |
| Other comprehensive income | | | |
| Exchange differences arising on translation of foreign operations | | 278 | 5,652 |
| Revaluation of Intangible assets - Cryptocurrency | | - | (7,791,506) |
| Total other comprehensive income/(loss) for the period, net of tax | | 278 | (7,785,854) |
| Total comprehensive income/(loss) attributable to members of the parent entity | | (384,216) | (15,859,840) |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of Byte Power Group Limited | | (384,216) | (11,379,324) |
| Non-controlling interests | | - | (4,480,516) |
| | | (384,216) | (15,859,840) |
| Earnings per share: | | | |
| From continuing and discontinued operations: | | | |
| Basic earnings per share | | cents per share (0.013) | cents per share (0.361) |
| Diluted earnings per share | | (0.013) | (0.361) |

The accompanying notes form part of these financial statements

BYTE POWER GROUP LIMITED AND CONTROLLED ENTITIES
ABN 80 009 268 571

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

| | Note | 31 December 2018 \$ | 30 June 2018 (Restated) * \$ |
|--|------|------------------------|------------------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 602 | 72,759 |
| Receivables | 5 | 2,595,980 | 3,032,867 |
| Inventories | | 44,687 | 60,513 |
| Intangible assets - Cryptocurrencies | | 316 | 50,530 |
| Prepayments | | 3,620 | 3,620 |
| Other | | - | - |
| TOTAL CURRENT ASSETS | | 2,645,205 | 3,220,289 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 564 | 4,513 |
| Intangible assets - software development | 6 | 283,336 | 157,099 |
| Other | | 16,500 | 16,500 |
| TOTAL NON-CURRENT ASSETS | | 300,400 | 178,112 |
| TOTAL ASSETS | | 2,945,605 | 3,398,401 |
| CURRENT LIABILITIES | | | |
| Payables | 7 | 2,881,217 | 3,444,303 |
| Related party payables | | 1,280,352 | 1,047,500 |
| Interest bearing liabilities (related parties) | | 257,227 | 281,096 |
| Deferred Revenue | | 90,383 | - |
| Provisions | | 293,120 | 283,819 |
| Borrowings | | - | - |
| TOTAL CURRENT LIABILITIES | | 4,802,300 | 5,056,718 |
| NON-CURRENT LIABILITIES | | | |
| Convertible loans / Interest bearing liabilities | | 1,073,563 | 1,069,012 |
| Related Party Payables | | 164,976 | 115,476 |
| Interest bearing liabilities (related parties) | | 2,320,547 | 2,188,760 |
| Long term liabilities | | 17,500 | 17,500 |
| Deferred tax liabilities | | - | - |
| TOTAL NON-CURRENT LIABILITIES | | 3,576,586 | 3,390,748 |
| TOTAL LIABILITIES | | 8,378,886 | 8,447,466 |
| NET ASSETS / (LIABILITIES) | | (5,433,281) | (5,049,065) |
| EQUITY | | | |
| Contributed equity | | 53,944,922 | 53,944,922 |
| Reserves | 8 | (70,055) | (70,333) |
| Accumulated losses | | (59,308,148) | (58,923,654) |
| EQUITY ATTRIBUTED TO OWNERS OF BYTE POWER GROUP LTD | | (5,433,281) | (5,049,065) |
| TOTAL EQUITY | | (5,433,281) | (5,049,065) |

The accompanying notes form part of these financial statements

** Refer to Note 9 for information on restated balances as at 30 June 2018*

BYTE POWER GROUP LIMITED AND CONTROLLED ENTITIES
ABN 80 009 268 571

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

| | Contributed equity A\$ | Reserve A\$ | Accumulated losses (Restated) * A\$ | Non-Controlling Interest A\$ | Total (Restated) * A\$ |
|------------------------------------|---------------------------|------------------|---|------------------------------------|---------------------------|
| Balance at 1 July 2017 | 53,114,922 | 13,164,085 | (58,344,481) | 4,827,916 | 12,762,442 |
| Loss for the period | - | | (5,674,498) | (2,399,488) | (8,073,986) |
| Other comprehensive income | - | (5,704,826) | - | (2,081,028) | (7,785,854) |
| Total comprehensive income | - | (5,704,826) | (5,674,498) | (4,480,516) | (15,859,840) |
| Shares issued during the period | - | - | - | - | - |
| Sub-total | 53,114,922 | 7,459,259 | (64,018,979) | 347,400 | (3,097,398) |
| Dividends paid or provided for | - | - | - | - | - |
| Balance at 31 December 2017 | 53,114,922 | 7,459,259 | (64,018,979) | 347,400 | (3,097,398) |
| Balance at 1 July 2018 | 53,944,922 | (70,333) | (58,923,654) | - | (5,049,065) |
| Loss for the period | - | | (384,494) | - | (384,494) |
| Other comprehensive income | - | 278 | - | - | 278 |
| Total comprehensive income | - | 278 | (384,494) | - | (384,216) |
| Sub-total | 53,944,922 | (70,055) | (59,308,148) | - | (5,433,281) |
| Dividends paid or provided for | - | - | - | - | - |
| Balance at 31 December 2018 | 53,944,922 | (70,055) | (59,308,148) | - | (5,433,281) |

The accompanying notes form part of these financial statements

** Refer to Note 9 for information on restated balances as at 30 June 2018*

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BYTE POWER GROUP LIMITED AND CONTROLLED ENTITIES
ABN 80 009 268 571

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

| | Note | Half-Year | |
|--|------|------------------|--------------------|
| | | 2018 A\$ | 2017 A\$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 37,739 | 1,209,097 |
| Payments to suppliers and employees | | (896,146) | (2,367,959) |
| Receipts from sale of BPX Tokens | | 726,304 | - |
| Interest received | | - | - |
| Proceeds from Soar Labs Pte Ltd settlement | | 274,900 | - |
| Interest and other costs of finance paid | | (38,649) | (30,789) |
| | | 104,149 | (1,189,651) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payment for property, plant and equipment | | - | (10,300) |
| Payments for Intangible Assets | | (201,631) | - |
| Proceeds from sale of intangibles | | 64,601 | 1,351,316 |
| | | (137,030) | 1,341,016 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | 411,000 | - |
| Repayment of borrowings | | (450,276) | - |
| | | (39,276) | - |
| Net increase/(decrease) in cash held | | (72,157) | 151,365 |
| Effects of functional currency exchange rate | | | 5,652 |
| Cash at beginning of half year | | 72,759 | 19,221 |
| | | 602 | 176,238 |

The accompanying notes form part of these financial statements

BYTE POWER GROUP LIMITED AND CONTROLLED ENTITIES
ABN 80 009 268 571

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

NOTE 1: Summary of significant accounting policies

These consolidated interim financial statements and notes represent those of Byte Power Group Limited ("the Company") and controlled entities ("the Group").

Byte Power Group Limited is a public company incorporated and domiciled in Australia. The Company is currently suspended from trading on the ASX.

The financial statements were authorised for issue on 28 February 2019 by the directors of the Company.

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including *AASB 134 Interim Financial Reporting*. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

This half-year financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this half-year financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during and subsequent to the half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements, except for:

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.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2018 annual report.

New and Revised Accounting Requirements applicable to the current half-year reporting period

A number of new and revised accounting standard requirements became mandatory for the first time during the half-year reporting period to 31 December 2018.

The Group has adopted all of the new and revised standards and interpretations that are relevant to their operations and effective for the current half-year. Adoption has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-year.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group completed its assessment of the implications of adopting the new standard and concluded that, due to the nature of the Group's revenue streams, there has been no significant changes to the Group's revenue accounting.

AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 Financial Instruments from 1 July 2018 did not impact prior period financial statement balances. There has been no impact on the Group's results for the half-year ended 31 December 2018.

The Group's trade receivables is subject to AASB 9's new expected credit loss model. The Group has revised its impairment methodology for trade receivables and contract assets and applies the simplified approach to measuring expected credit losses. The simplified approach uses a lifetime expected loss allowance.

Individual debts that are known to be uncollectible are written off when identified.

The revised methodology for calculating impairment did not have a material impact on the financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 1: Summary of significant accounting policies (continued)

Impact of standards issued but not yet applied by the Group

AASB 16: Leases (issued February 2016) will supersede the existing lease accounting requirements in AASB 117: Leases and the related Interpretations. It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised 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, instead accounting for all components as a lease;
- inclusion of additional disclosure requirements; and
- accounting for lessors will not significantly change.

AASB 16 will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has operating lease commitments. The Group is currently assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit, financial position and classification of cash flows.

The Standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the Standard before its effective date.

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.

As at 31 December 2018, the Group has recorded a net current asset deficiency of \$2,157,095 (30 June 2018: net current asset deficiency of \$1,836,429) and a net asset deficiency of \$5,433,281 (net asset deficiency at 30 June 2018: \$5,049,065). The company has also recorded net cash inflows from operating activities of \$104,149 (December 2017 outflow of \$1,189,651). There are also significant related party liabilities.

Given the above, the ability of the group to continue as a going concern, including Byte Power Group Limited's ability to pay its debts as and when they fall due needs to be considered. The continuation of the group as a going concern is dependent upon its ability to achieve the following:

- The continued support of major creditors and related parties and loans from the major shareholders;
- Obtaining an overdraft or working capital facility to assist the group 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 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 the operating and investing activities cash flow requirements; and
- The generation of future profits by the underlying businesses.

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 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 financial 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.

NOTE 2: Revenue

Sale of BPX tokens
Wine Sales
Other

| | Dec-18 | Dec-17 |
|--------------------|----------------|------------------|
| Sale of BPX tokens | 635,921 | - |
| Wine Sales | - | 1,147,983 |
| Other | 6,000 | 2,080 |
| | <u>641,921</u> | <u>1,150,063</u> |

NOTE 3: Segment Reporting

| AS | Power | | IT&T | | Asian Business Division | | Corporate | | Total | |
|--------------------------------------|-------|----------|-----------|-----------|-------------------------|-----------|-----------|-------------|-----------|-------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenue | | | | | | | | | | |
| Sales to customers outside the group | 6,000 | 2,080 | 635,921 | - | - | 1,147,983 | - | - | 641,921 | 1,150,063 |
| Inter segment revenues | - | - | - | - | - | - | 225,217 | 253,971 | 225,217 | 253,971 |
| | 6,000 | 2,080 | 635,921 | - | - | 1,147,983 | 225,217 | 253,971 | 867,138 | 1,404,034 |
| Eliminations | | | | | | | | | (225,217) | (253,971) |
| Total segment revenue | | | | | | | | | 641,921 | 1,150,063 |
| Results | | | | | | | | | | |
| Segment result | 706 | (10,355) | (252,153) | (529,713) | (180,934) | (770,280) | 47,887 | (6,763,638) | (384,494) | (8,073,986) |
| Interest expense | - | - | (1,924) | (1,826) | (21,443) | (30,440) | (193,969) | (130,711) | (217,337) | (162,978) |
| Depreciation | - | (10,094) | - | (447) | - | - | (3,669) | (2,383) | (3,669) | (12,924) |
| Impairment of Cryptocurrency | - | - | - | - | - | - | - | (6,689,735) | - | - |
| Net profit / (loss) before tax | 706 | (10,355) | (252,153) | (529,713) | (180,934) | (770,280) | 47,887 | (6,763,637) | (384,494) | (8,073,985) |
| Tax | - | - | - | - | - | - | - | - | - | - |
| Net profit / (loss) after tax | 706 | (10,355) | (252,153) | (529,713) | (180,934) | (770,280) | 47,887 | (6,763,638) | (384,494) | (8,073,986) |
| Assets | | | | | | | | | | |
| Segment assets | 754 | 1,782 | 1,898,996 | 4,089,508 | 954,547 | 2,305,218 | 91,308 | (109,688) | 2,945,605 | 6,286,820 |
| Inter segment elimination | - | - | - | - | - | - | - | - | - | - |
| Total group assets | 754 | 1,782 | 1,898,996 | 4,089,508 | 954,547 | 2,305,218 | 91,308 | (109,688) | 2,945,605 | 6,286,820 |

For segment reporting purposes, the IT&T segment includes the income and results from the BPX token sales during the half-year ended 31 December 2018.

NOTE 4: Subsequent Events

There are no matters or circumstances that have arisen since 31 December 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NOTE 5: Receivables

| | Dec-18 | Jun-18 |
|--|------------------|------------------|
| Soar Labs Pte Ltd settlement receivables | 423,905 | 707,038 |
| Prepayments for IT hardware | 1,195,643 | 1,145,394 |
| Trade Debtors | 4,365,494 | 4,436,300 |
| Provision for Impairment | (3,389,062) | (3,255,865) |
| | <u>2,595,980</u> | <u>3,032,867</u> |

The significant movement in the Soar Labs Pte Ltd settlement receivables was due to a payment made by Soar Labs Pte Ltd pursuant to the settlement agreement during the period.

Provision for impairment - as consistent with the prior period the Group elected to apply a provision for 100% of balances exceeding 2 years overdue, 50% of balances aged between 1 and 2 years and 10% of balances overdue between 6 months and 1 year.

NOTE 6: Intangible Assets - Software Development

The software development costs relate to the development costs of the Cryptocurrency Exchange

NOTE 7: Payables

| | Dec-18 | Jun-18 |
|-----------------|------------------|------------------|
| Trade creditors | 2,164,143 | 2,429,274 |
| Other creditors | 717,074 | 1,015,029 |
| | <u>2,881,217</u> | <u>3,444,303</u> |

NOTE 8: Reserves

| | Dec-18 | Jun-18 |
|--------------------------------------|----------|----------|
| Foreign Currency Translation reserve | (70,055) | (70,333) |

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

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BYTE POWER GROUP LIMITED AND CONTROLLED ENTITIES
ABN 80 009 268 571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 9: Prior Period Adjustment

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 30 June 2018 | Error Adjustment | Restated 30 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) |

NOTE 10: Contingent Liabilities

As announced on the ASX, the company is currently working with the Australian Securities Investments Commission (ASIC) to confirm the classification of its BPX utility tokens. The Directors are currently not able to reliably assess the impact, if any, of this matter not being resolved, at the date of this report.

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BYTE POWER GROUP LIMITED
ABN 80 009 268 571

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Byte Power Group Limited, I state that:

(1) In the opinion of the Directors:

- a) The financial statements and notes of the consolidated entity:
 - i) Give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date, and
 - ii) Comply with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001;
- b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors.



Alvin Phua
Director

Brisbane, 28 February 2019

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

Conclusion

We have reviewed the accompanying half-year financial report of Byte Power Group Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Byte Power Group Limited is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matters

As outlined in Note 1, the consolidated group has recorded a net current asset deficiency as at 31 December 2018 of \$2,157,095. 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.

As outlined in Note 1, the Company is currently suspended on the Australian Stock Exchange, pending the outcome of enquiries by the Australian Securities and Investments Commission.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Byte Power Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

28 FEBRUARY 2019
BRISBANE

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