

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 2019, 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
William Yuen
Yano Lim
Michael Wee

Results

The Group has reported a loss for the half year ended 31 December 2019 of \$1,020,647 (December 2018: loss of \$384,494).

Review of Operations

Summary

The Group's revenues from ordinary activities for the period were \$93,926 compared to \$641,921 during the same period last year, representing a decrease of 85.4%.

The Group incurred a loss for the half year ended 31 December 2019 of \$1,020,647 compared to a loss of \$384,494 for the same period last year.

The Byte Power Group's IT&T Business segment contributed 100% of total revenue for the Group, which was due to sales of its cryptocurrency assets into the Group's existing and new customer base. Byte Power Group Ltd's subsidiary, Byte Power X Singapore Pte Ltd, successfully launched its Singapore cryptocurrency exchange on 31 December 2019.

Wine Power's sales revenues for the period were \$0, as they were for the same period last year as the Group continues to focus its resources on the development and expansion of the Cryptocurrency Exchange business. The company continues to identify opportunities to develop new channels into existing markets.

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DIRECTORS' REPORT
(continued)

Due to the aging of certain trade receivables relating to wine sales, the Board made the determination that it is appropriate to write-off these receivables (\$1,924,961), which had previously been provided for in the accounts.

Subsequent Events

As from the commencement of trading on the 3rd February 2020 Byte Power Group Ltd was removed from the Official List of ASX listed companies pursuant to listing rule 17.12. The Company had been in on-going discussions with the ASX since the Company's securities were suspended on 22nd December 2017, to satisfy the ASX requirements to lift the suspension. The Board was unable to reach a resolution with the ASX.

Subsequent to balance date, a subsidiary within the Group, Byte Power X Singapore Pte Ltd ('BPXS'), successfully raised US\$1,090,000 in April 2021 for the issue of 10,355 shares, representing 4.69% of the company in April 2021. The capital raise was undertaken to provide working capital to further the development of its cryptocurrency exchange.

Subsequent to balance date, the Group has renegotiated the maturity date of a Convertible Note to 22 April 2022 where at maturity, the face value of the note of \$1M plus interest of \$213,161 is repayable in full.

There are no matters or circumstances that have arisen since 31 December 2019 that have 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 with the launch of the Singapore cryptocurrency exchange and continued development of the Australian cryptocurrency exchange.

The Board is optimistic that the rest of the year will yield positive results from the IT&T segment of the business and will continue to look for opportunities for the other business units.

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DIRECTORS' REPORT
(continued)

Comments on the Group's operations and results

Detailed results are as follows:

	2019	2018	2019
	\$	\$	% change
Revenue from ordinary activities	93,926	641,921	(85.4)
EBITDA	(694,210)	(163,488)	(324.6)
Depreciation and amortisation	(19,717)	(3,669)	
EBIT	(713,927)	(167,157)	(327.1)
Borrowing expenses	(306,719)	(217,337)	
Operating result before income tax	(1,020,647)	(384,494)	(165.5)
Income tax benefit	-	-	
Net profit (loss)	(1,020,647)	(384,494)	(165.5)

Cashflow analysis

The company has current assets of \$75,749 (30 June 2019: \$326,318). During the period it recorded net cash used in operating activities of \$321,346 (31 December 2018: net cash created in operating activities \$104,149).

Current liabilities of the Group as at 31 December 2019 was \$5,430,503 (June 2019: \$4,941,465).

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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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 2019. 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 dark ink, consisting of a stylized 'A' followed by a horizontal line extending to the right.

Alvin Phua
Chairman & CEO

Brisbane, 19 September 2021

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 2019, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Byte Power Group Limited and the entities it controlled during the half year.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

19 SEPTEMBER 2021
BRISBANE

PKF Brisbane Audit ABN 33 873 151 348

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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 2019

		Half-Year	
	Note	2019 \$	2018 \$
Revenue			
Revenue from continuing activities	2	93,926	641,921
Cost of goods sold		(7,625)	(15,202)
Gross Profit		86,301	626,719
Other income			
Other		230,475	150,277
Depreciation and amortisation expenses		(19,717)	(3,669)
Borrowing cost expenses		(306,720)	(217,337)
Salaries and employee benefits expenses		(209,963)	(185,540)
Directors' fees		(68,900)	(73,550)
Rent and outgoings		(99,570)	(57,269)
Travel, accommodation and entertainment		(72,751)	(127,612)
Consultants / Professional fees		(216,422)	(268,571)
Impairment provision expense - debtors		(182,597)	(133,198)
Other expenses from ordinary activities		(160,784)	(94,746)
Loss before related income tax		(1,020,647)	(384,494)
Income tax (expense)/benefit		-	-
Net loss for the period attributable to members of the parent entity		(1,020,647)	(384,494)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(274)	278
Total other comprehensive income/(loss) for the period, net of tax		(274)	278
Total comprehensive income/(loss) attributable to members of the parent entity		(1,020,921)	(384,216)
Total comprehensive income/(loss) attributable to:			
Owners of Byte Power Group Limited		(1,020,921)	(384,216)
Earnings per share:			
From continuing and discontinued operations:			
Basic earnings/(loss) per share		cents per share (0.033)	cents per share (0.013)
Diluted earnings/(loss) per share		(0.033)	(0.013)

The accompanying notes form part of these financial statements

BYTE POWER GROUP LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 December 2019 \$	30 June 2019 \$
CURRENT ASSETS			
Cash and cash equivalents		(2,527)	11,942
Receivables	4	49,287	200,865
Inventories		25,370	32,795
Intangible assets - Cryptocurrencies		-	77,096
Prepayments		3,619	3,620
TOTAL CURRENT ASSETS		75,749	326,318
NON-CURRENT ASSETS			
Intangible assets - software development	5	356,365	376,082
Other		16,500	16,500
TOTAL NON-CURRENT ASSETS		372,865	392,582
TOTAL ASSETS		448,614	718,900
CURRENT LIABILITIES			
Payables	6	2,218,671	1,948,979
Related party payables		1,576,500	1,387,923
Interest bearing liabilities (related parties)		1,295,790	1,219,725
Deferred Revenue		25,193	79,551
Provisions		314,349	305,287
Borrowings		-	-
TOTAL CURRENT LIABILITIES		5,430,503	4,941,465
NON-CURRENT LIABILITIES			
Convertible loans / Interest bearing liabilities		1,061,974	1,078,316
Related Party Payables		234,836	86,946
Interest bearing liabilities (related parties)		2,289,960	2,159,911
Long term liabilities		17,500	17,500
TOTAL NON-CURRENT LIABILITIES		3,604,270	3,342,673
TOTAL LIABILITIES		9,034,773	8,284,138
NET ASSETS / (LIABILITIES)		(8,586,159)	(7,565,238)
EQUITY			
Contributed equity		53,944,922	53,944,922
Reserves	7	(80,480)	(80,206)
Accumulated losses		(62,450,601)	(61,429,954)
EQUITY ATTRIBUTED TO OWNERS OF BYTE POWER GROUP LTD		(8,586,159)	(7,565,238)
TOTAL EQUITY		(8,586,159)	(7,565,238)

The accompanying notes form part of these financial statements

BYTE POWER GROUP LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Contributed equity \$	Reserve \$	Accumulated losses \$	Total \$
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)
Shares issued during the period	-	-	-	-
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)
Balance at 1 July 2019	53,944,922	(80,206)	(61,429,954)	(7,565,238)
Loss for the period	-	-	(1,020,647)	(1,020,647)
Other comprehensive income	-	(274)	-	(274)
Total comprehensive income	-	(274)	(1,020,647)	(1,020,921)
Sub-total	53,944,922	(80,480)	(62,450,601)	(8,586,159)
Dividends paid or provided for	-	-	-	-
Balance at 31 December 2019	53,944,922	(80,480)	(62,450,601)	(8,586,159)

The accompanying notes form part of these financial statements

BYTE POWER GROUP LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Half-Year	
		2019	2018
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		119,230	37,739
Payments to suppliers and employees		(492,250)	(896,146)
Receipts from sale of BPX Tokens		59,674	726,304
Proceeds from Soar Labs Pte Ltd settlement		-	274,900
Interest and other costs of finance paid		(8,000)	(38,649)
Net cash provided by/(used in) operating activities		(321,346)	104,149
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for Intangible Assets		-	(201,631)
Proceeds from sale of intangibles		78,313	64,601
Net cash provided by/(used in) investing activities		78,313	(137,030)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		228,564	411,000
Repayment of borrowings		-	(450,276)
Net cash provided by/(used in) financing activities		228,564	(39,276)
Net increase/(decrease) in cash held		(14,469)	(72,157)
Cash at beginning of half year		11,942	72,759
Cash at end of half year		(2,527)	602

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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 interim financial statements were authorised for issue on 19 September 2021 by the directors of the Company.

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 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 2019, 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 those as described

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 2019 annual report.

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

AASB 16: Leases replaces 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 not affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group does not have any operating lease commitments.

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 2019, the Group has recorded a net current asset deficiency of \$5,354,754 (30 June 2019: net current asset deficiency of \$4,615,147) and a net asset deficiency of \$8,586,159 (net asset deficiency at 30 June 2019: \$7,565,238). The company has also recorded net cash outflows from operating activities of \$321,346 (December 2018 inflows of \$104,149). Included in total liabilities, are 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. Included in the total liabilities are \$5,397,087 of balances relating to related parties of which the Directors have the ability to defer the timing of settlement, if necessary;
- 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. As outlined in Note 3, subsequent to balance date the Group, via its subsidiary Byte Power X Singapore Pte Ltd, has raised additional equity to date of US\$1,090,000 and is actively looking to secure further equity investment;
- 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 and other income generated from BPX's cryptocurrency exchange, 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

	Dec-19	Dec-18
Sale of Soar		
Coins/BPX tokens	87,926	635,921
Other	6,000	6,000
	<u>93,926</u>	<u>641,921</u>

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 2019

NOTE 3: Subsequent Events

As from the commencement of trading on the 3rd February 2020 Byte Power Group Ltd was removed from the Official List of ASX listed companies pursuant to listing rule 17.12. The Company had been in on-going discussions with the ASX since the Company's securities were suspended on 22nd December 2017, to satisfy the ASX requirements to lift the suspension. The Board was unable to reach a resolution with the ASX.

Subsequent to balance date, a subsidiary within the Group, Byte Power X Singapore Pte Ltd ('BPXS'), successfully raised US\$1,090,000 in April 2021 for the issue of 10,355 shares, representing 4.69% of the company in April 2021. The capital raise was undertaken to provide working capital to further the development of its cryptocurrency exchange.

Subsequent to balance date, the Group has renegotiated the maturity date of a Convertible Note to 22 April 2022 where at maturity, the face value of the note of \$1M plus interest of \$213,161 is repayable in full.

NOTE 4: Receivables

	Dec-19	Jun-19
Soar Labs Pte Ltd settlement receivables	171,905	171,905
Prepayments for IT hardware	1,191,784	1,203,315
Trade Debtors	172	3,214,478
Provision for Impairment	(1,314,574)	(4,388,833)
	<u>49,287</u>	<u>200,865</u>

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 5: Intangible Assets - Software Development

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

NOTE 6: Payables

	Dec-19	Jun-19
Trade creditors	407,726	359,292
Other creditors	1,810,944	1,589,687
	<u>2,218,671</u>	<u>1,948,979</u>

NOTE 7: Reserves

	Dec-19	Jun-19
Foreign Currency Translation reserve	(80,480)	(80,206)

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

NOTE 8: Commitments and Contingencies

The group had no contingent liabilities as at 31 December 2019.

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 2019 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, 19 September 2021

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 Tuesday, 31 December 2019, 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 Tuesday, 31 December 2019, 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

In conducting our review, we have complied with the auditor 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements which describes the events and/or conditions which give rise to 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 its ability to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

PKF Brisbane Audit ABN 33 873 151 348

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Responsibility of the Directors for the 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 Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Tuesday, 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

19 SEPTEMBER 2021
BRISBANE