

BYTE POWER GROUP LIMITED
ABN 80 009 268 571

Interim Report - 31 December 2020

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 ("the company") and the entities it controlled ("the Group") at the end of, or during, the half year ended 31 December 2020, 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 2020 of \$370,303 (December 2019: loss of \$1,020,647).

Review of Operations

Summary

The Group's revenues from ordinary activities for the period were \$81,885 compared to \$93,926 during the same period last year, representing a decrease of 12.8%.

The Group incurred a loss for the half year ended 31 December 2020 of \$370,303 compared to a loss of \$1,020,647 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.

Subsequent Events

Subsequent to balance date, a subsidiary within the Group, Byte Power X Singapore Pte Ltd ('BPXS'), successfully raised US\$1,700,000 through to April 2022 for the issue of 10,158 shares, representing 4.49% of the company, as at April 2022. The capital raise was undertaken to provide working capital to further the development of its cryptocurrency exchange.

BYTE POWER GROUP LIMITED
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DIRECTORS' REPORT
(continued)

In addition, the Group has negotiated discharge of debt agreements with four parties, who have agreed to discharge their debts owed by the Byte Power Group, through the issue of shares in the Group's Singapore subsidiary, Byte Power X Singapore Pte Ltd. The value of the debts being discharged is \$1,580,798.

On 28th January 2022, the Group's Singapore subsidiary, Byte Power X Singapore Pte Ltd, changed its name to Singapore Digital Exchange Pte Ltd.

There are no other matters or circumstances that have arisen since 31 December 2020 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 further development of the Singapore and Australian cryptocurrency exchanges. The Group is excited about the current and future opportunities the both cryptocurrency exchanges will bring the IT&T Business unit.

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.

DIRECTORS' REPORT
(continued)

Comments on the Group's operations and results

Detailed results are as follows:

	2020	2019	2020 % change
	\$	\$	
Revenue from ordinary activities	<u>81,885</u>	<u>93,926</u>	(12.8)
EBITDA	(52,126)	(694,210)	92.5
Depreciation and amortisation	(19,949)	(19,717)	
EBIT	<u>(72,075)</u>	<u>(713,927)</u>	90.0
Borrowing expenses	(298,228)	(306,720)	
Operating result before income tax	<u>(370,303)</u>	<u>(1,020,647)</u>	63.7
Income tax benefit	-	-	
Net profit (loss)	<u>(370,303)</u>	<u>(1,020,647)</u>	63.7

Cashflow analysis

The company has current assets of \$84,147 (30 June 2020: \$36,849). During the period it recorded net cash used in operating activities of \$310,012 (31 December 2019: net cash created in operating activities \$321,346).

Current liabilities of the Group as at 31 December 2020 were \$5,505,806 (June 2020: \$5,626,622).

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.

BYTE POWER GROUP LIMITED
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DIRECTORS' REPORT
(continued)

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires the company's auditors, PKF Brisbane 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 2020. 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, 17 May 2022

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 2020, 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

17 MAY 2022
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 2020

		Half-Year	
	Note	31-Dec-20	31-Dec-19
		\$	\$
Revenue			
Revenue from continuing activities	2	81,885	93,926
Cost of goods sold		(17,538)	(7,625)
Gross Profit		64,347	86,301
Other income			
Other		197,862	230,475
Depreciation and amortisation expenses		(19,949)	(19,717)
Finance cost expenses		(298,228)	(306,720)
Salaries and employee benefits expenses		(149,655)	(209,963)
Directors' fees		(10,515)	(68,900)
Rent and outgoings		(38,762)	(99,570)
Travel, accommodation and entertainment		(57,484)	(72,751)
Consultants and professional fees		(25,584)	(216,422)
Provision for impairment -- trade debtors		-	(182,597)
Other expenses from ordinary activities		(32,334)	(160,784)
Loss before related income tax		(370,303)	(1,020,647)
Income tax (expense)/benefit		-	-
Net loss for the period attributable to members of the parent entity		(370,303)	(1,020,647)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(2,391)	(274)
Total other comprehensive income/(loss) for the period, net of tax		(2,391)	(274)
Total comprehensive income/(loss) attributable to members of the parent entity		(372,694)	(1,020,921)
Total comprehensive income/(loss) attributable to:			
Owners of Byte Power Group Limited		(372,694)	(1,020,921)
Earnings per share:			
From continuing and discontinued operations:			
Basic earnings/(loss) per share		cents per share (0.012)	cents per share (0.033)
Diluted earnings/(loss) per share		(0.012)	(0.033)

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 2020

	Note	31-Dec-20 \$	30-Jun-20 \$
CURRENT ASSETS			
Cash and cash equivalents		6,755	7,859
Trade and other receivables	4	-	-
Inventories		-	25,370
Prepayments		-	3,620
Related party receivables		77,392	-
TOTAL CURRENT ASSETS		84,147	36,849
NON-CURRENT ASSETS			
Intangible assets - software development	5	330,615	350,564
Other		28,900	28,900
TOTAL NON-CURRENT ASSETS		359,515	379,464
TOTAL ASSETS		443,662	416,313
CURRENT LIABILITIES			
Payables	6	3,849,373	1,327,889
Related party payables		-	2,578,957
Interest bearing liabilities (related parties)		1,371,581	1,401,725
Deferred Revenue		-	33,199
Provisions		284,852	284,852
TOTAL CURRENT LIABILITIES		5,505,806	5,626,622
NON-CURRENT LIABILITIES			
Convertible loans		1,214,501	1,166,205
Related party payables		240,035	204,969
Interest bearing liabilities (related parties)		2,572,386	2,426,298
Long term liabilities		-	17,500
TOTAL NON-CURRENT LIABILITIES		4,026,922	3,814,971
TOTAL LIABILITIES		9,532,728	9,441,593
NET ASSETS / (LIABILITIES)		(9,089,066)	(9,025,280)
EQUITY			
Contributed equity		54,253,830	53,944,922
Reserves	7	(82,960)	(80,569)
Accumulated losses		(63,259,936)	(62,889,633)
EQUITY ATTRIBUTED TO OWNERS OF BYTE POWER GROUP LTD		(9,089,066)	(9,025,280)
TOTAL EQUITY		(9,089,066)	(9,025,280)

The accompanying notes form part of these financial statements.

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 2020

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
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)
Shares issued during the period	-	-	-	-
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)
Balance at 1 July 2020	53,944,922	(80,569)	(62,889,633)	(9,025,280)
Loss for the period	-		(370,303)	(370,303)
Other comprehensive income	-	(2,391)	-	(2,391)
Total comprehensive income	-	(2,391)	(370,303)	(372,694)
Shares issued during the period	308,908	-	-	308,908
Sub-total	54,253,830	(82,960)	(63,259,936)	(9,089,066)
Dividends paid or provided for	-	-	-	-
Balance at 31 December 2020	54,253,830	(82,960)	(63,259,936)	(9,089,066)

The accompanying notes form part of these financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	Half-Year 2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		-	119,230
Payments to suppliers and employees		(369,198)	(492,250)
Receipts from sale of BPX Tokens		48,686	59,674
Grants received		10,500	-
Interest and other costs of finance paid		-	(8,000)
Net cash provided by/(used in) operating activities		(310,012)	(321,346)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Byte Power X Singapore shares		308,908	-
Proceeds from sale of intangibles		-	78,313
Net cash provided by/(used in) investing activities		308,908	78,313
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	228,564
Repayment of borrowings		-	-
Net cash provided by/(used in) financing activities		-	228,564
Net increase/(decrease) in cash held		(1,104)	(14,469)
Cash at beginning of half year		7,859	11,942
Cash at end of half year		6,755	(2,527)

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: Summary of significant accounting policies

These consolidated interim financial statements and notes represent those of Byte Power Group Limited ("the Company") and its 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 17 May 2022 by the directors of the Company.

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2020 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 2020, 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 below:

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 2020 annual report.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 2020, the Group has recorded a net current asset deficiency of \$5,421,659 (30 June 2020: net current asset deficiency of \$5,589,773) and a net asset deficiency of \$9,089,066 (net asset deficiency at 30 June 2020: \$9,025,280). The company has also recorded net cash outflows from operating activities of \$310,012 (December 2019 net cash outflows of \$321,346). 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 \$6,882,682 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 a 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-20	Dec-19
Sale of Soar		
Coins/BPX tokens	81,885	87,926
Other	-	6,000
	<u>81,885</u>	<u>93,926</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 3: Subsequent Events

Subsequent to balance date, a subsidiary within the Group, Byte Power X Singapore Pte Ltd ('BPXS'), successfully raised US\$1,700,000 through to April 2022 for the issue of 10,158 shares, representing 4.49% of the company, as at April 2022. The capital raise was undertaken to provide working capital to further the development of its cryptocurrency exchange.

In addition, the Group has negotiated discharge of debt agreements with four parties, who have agreed to discharge their debts owed by the Byte Power Group, through the issue of shares in the Group's Singapore subsidiary, Byte Power X Singapore Pte Ltd. The value of the debts being discharged is \$1,580,798.

On 28th January 2022, the Group's Singapore subsidiary, Byte Power X Singapore Pte Ltd, changed its name to Singapore Digital Exchange Pte Ltd.

There are no other matters or circumstances that have arisen since 31 December 2020 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.

NOTE 4: Receivables

Soar Labs Pte Ltd settlement receivables
Trade debtors
Provision for impairment

Dec-20	Jun-20
171,905	171,905
-	-
(171,905)	(171,905)
-	-

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

Trade creditors
Other creditors

Dec-20	Jun-20
829,377	503,420
61,080	419,620
890,457	923,040

NOTE 7: Reserves

Foreign Currency Translation reserve
Revaluation of Intangible Assets

Dec-20	Jun-20
(80,569)	(80,569)
-	-
(80,569)	(80,569)

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

NOTE 8: Commitments and Contingencies

A potential contingent liability exists for compensation of the managing director (Alvin Phua) resulting from a prior period settlement of outstanding amounts owing in cryptocurrency (Soar Coins), which were removed from the control of Alvin and Byte Power. The Directors are not currently able to reasonably determine the extent or amount of the potential compensation amount given the ongoing uncertainty regarding the recoverability of settlement proceeds from Soar Labs and its related parties.

The group had no other contingent liabilities as at 31 December 2020.

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:

In the opinion of the Directors:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Alvin Phua
Director

17 May 2022
Brisbane

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 2020, 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 2020, 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 31 December 2020 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

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

17 MAY 2022
BRISBANE