BYTE POWER
Group Limited

ANNUAL REPORT

30 June 2017

ABN: 80 009 268 571

CONTENTS

CHAIRMAN'S REPORT

Byte Power Group Limited ('the Company') and its controlled entities ('the Group') present its financial reports for the period ended 30 June 2017.

The Group achieved a profit for the full 2016-17 financial year of $697,053.

Revenues from ordinary activities in the financial year ended 30 June 2017 were $4.06M compared to $3.07M in the financial year ended 30 June 2016.

Revenues in the IT&T segment increased significantly year on year from nil revenue in the financial year ended 30 June 2016 to $2.4M in revenues for the financial year ended 30 June 2017. This was due to the first sale of Wimobilize's Big Data solution with our local partner Shanghai Huahu Information Technology Co Ltd ("Shanghai Huahu").

For the year ended 30 June 2017, sales revenue generated from the Asian Business Division contributed to 40.4% of total revenue for the group (30 June 2016: 98%). The decline in revenues was due to the change in focus on sales and marketing of our 8 Eagles range and also due in part to the austerity drive in China, one of our key markets affecting our wine sales. The group is looking at strengthening its distribution network and expanding its focus in other markets in Asia.

As a result of the proceeds received from the investment in Byte Power Pty Ltd, which are predominantly held in soarcoin cryptocurrency, the Group has been able to settle a significant portion of its external liabilities. As reported in Significant Events after Balance Date, at the date of this report the Group has successfully discharged a total of $1,214,916 of creditor balances utilising the soarcoins balance held. Accordingly, the net current liabilities of the group are continuing to decrease, improving the working capital position of the Group.

The Asian Business Division will continue to focus on Asia with the exportation and distribution of Australian wines, especially in our own house wines, 8 Eagles. The Asian Business Division remains open to exploring various export opportunities into Asia in order to further develop the segment.

Treasure Hive Honey Pty Ltd had no activity during the year. The Group is currently in market development and expects contributions from this division in the current financial year.

Outlook

BPG has made significant progress in the IT&T segment the last financial year, through its Exclusive Partnership Agreements with Wimobilize Singapore Pte Ltd ("Wimobilize") and BPG's subsidiaries, enabling BPG to sell and implement Wimobilize Big Data solutions exclusively in Singapore, Malaysia, Australia, New Zealand, Hong Kong, Macau, China and Taiwan. This is detailed under "Review of Operations" in this Annual Report.

On 23 June 2017, Byte Power Group Ltd through its subsidiary Byte Power Pty Ltd, signed a subscription agreement with Singapore based Soar Labs Pte Ltd ("Soar Labs"), who invested US$5M for 49% of the issued capital of Byte Power Pty Ltd. As part of this agreement Byte Power Pty Ltd is developing and will be launching a cryptocurrency exchange in Brisbane, Australia.

With this investment BPG is confident that this will enable Byte Power Pty Ltd to establish itself as a major Big Data and Cryptocurrency player in Australia. The Board considers the investment represents an exciting opportunity for the company to expand its IT&T business offering.

The outlook for the existing wine business is also promising as the Group will be dedicating further resources to this division to enable the Group to explore both existing and new export and distribution opportunities into Asia and Australia and reduce its dependence on China. For the coming year, the Company expects to grow its Asia presence as it actively seeks to expands its management team and market reach.

With the inroads into Big Data and cryptocurrency exchange, as well as the new and existing business opportunities in wine export and distribution, the Group is expecting a positive year ahead.

Alvin Phua
Executive Chairman & CEO

REVIEW OF OPERATIONS

Company Background and Overview

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

2017 financial year has been a rebuilding year for BPG technology division. This is evident with our partnership with Wimobilize Singapore Pte Ltd ("Wimobilize") and Soar Labs Pte Ltd ("Soar Labs"). These partnerships have put BPG in a good position to take advantage of two of the biggest growth sectors in IT which are Big Data solution and Cryptocurrency/Blockchain technology.

In the 2018 financial year, BPG will build on these partnerships and look forward to delivering Big Data solutions and Cryptocurrency Exchange.

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

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

Subsidiaries Relating to Information Technology

Byte Power Pty Ltd ("Byte Power Australia")
Byte Power Australia was established in Queensland in 1989 and provides IT products and services to SME's as well as corporate and government clients. Byte Power Australia has exclusive distribution rights over Wimobilize's Big Data solutions in the regions of Australia and New Zealand. Byte Power Pty Ltd, has also entered into a partnership with Singapore based Soar Labs Pte Ltd, investing US$5M for 49% of the issued capital of Byte Power Pty Ltd. The investment received will be applied to the establishment and running of a cryptocurrency exchange in Australia, to marketing and distribution of the Company's Wimobilize Big Data solution in Australia and New Zealand and general working capital.

Byte Power Pte Ltd ("Byte Power Singapore")
Due to the Company's propensity towards overseas dealings, this Singapore subsidiary was formed in April 2012 to cater for the Singapore and surrounding market in terms of IT&T trading and other business opportunities. Byte Power Singapore has exclusive distribution rights over Wimobilize's Big Data solutions in the regions of Singapore and Malaysia.

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

Subsidiary Relating to Power Management

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

Power Tech's product range includes a new series of UPS products which are developed to suit the growing consumer demands. With current technology advancements, these products work on double-conversion design with high adaptability to harsh conditions. The products' high level of energy efficiency and fast rechargeable batteries are the key features in this new series. These units provide redundancy and no downtime during regular maintenance and emergency breakdowns.

REVIEW OF OPERATIONS (continued)

<u>Subsidiaries Relating to Food & Beverage</u>

Wine Power Pty Ltd ("Wine Power Australia")

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

Wine Power Pte Ltd ("Wine Power Singapore")

This entity was established in August 2013 to distribute wines within Singapore, Myanmar and South-East Asia. The Company focuses on establishing a market for its 8 Eagles range in these markets.

Treasure Hive Honey Pty Ltd ("Treasure Hive Honey")

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

Byte Power Group through its offices in Australia, Singapore and Hong Kong has developed its extensive network of corporate relationships in Asia and Australia over a span of 27 years. Along with its strong IT&T background and recent partnerships the Group has positioned itself to utilise its key competencies in sourcing growth into new and existing markets for the Wimobilize Big Data solutions and the cryptocurrency exchange market.

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

REVIEW OF OPERATIONS (continued)

Operations Review

IT&T

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

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

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

On 31st December 2016, Byte Power (Hong Kong) Ltd signed its first Wimobilize Big Data solution customer. This Big Data solution provides companies with the capability to identify correlation and valid models to facilitate more accurate decisions from multi-structured data, such as marketing and transactional data, and unstructured data such as social conversations and news.

Big Data is a term for data sets that are so large or complex that traditional data processing applications are inadequate. Big Data can be defined as high-volume, high-velocity and/or high-variety information assets that demand cost-effective, innovative forms of information processing that enable enhanced insight, decision making, and process automation.

Big Data market is expected to grow at a CAGR of 43% representing in huge opportunities in this sector, finds a new research report launched by NOVONOUS. This growth is driven by increasing penetration of big data, increase in analytics services and availability of affordable big data solution and services to end users. Asia Pacific Big Data market controls third largest market share at 14.50% in terms of revenue in Global Big Data market. It is expected to maintain its market position even in 2020. India, South Korea, Japan, China and Australia are key countries in Asia Pacific Big Data market with BPG exclusively representing Wimobilize in 2 of the 5 key markets.

Big Data is a growing industry with the International Data Corporation (IDC) predicting that revenue from the sales of Big Data and business analytics applications, tools, and services will increase more than 50%, from nearly $122 billion in 2015 to more than $187 billion in 2019.

Australian organizations expect to leverage on Big Data and Advanced Analytics projects to deliver outcomes that will improve competitive advantage, enhance customer service and support, and aid with customer acquisition and retention. According to the International Data Corporation (IDC), the Australian IT services market is projected to grow to reach $19.7 billion at the end of 2019, and the New Zealand IT Services market projected to reach NZ$3,574.3 million in 2019.

The opportunities that the Group have established with its partnership with Wimobilize will not only further enhance the group's Asia presence, but will also allow the group to be part of the rapidly growing industry of Big Data and Advanced Analytics.

Through the partnership with Soar Labs Pte Ltd, the Group expects to establish itself as a major Cryptocurrency player in Australia and New Zealand.

Asian Business Division

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

The group continually explores export and business opportunities into Asia to further develop the Asian Business Division and its Asia presence. Continual efforts are being placed into building up the company profile and management team.

Power Management

The group continues to run the Power Management business, constantly exploring business opportunities. In line with the rapid technological advancements and growing consumer demands, the group has access to a new series of UPS (Uninterruptible Power Supply) systems. The new product series is able to accommodate consumers ranging from personal devices to offices and data centers. The group will continue to seek business opportunities to expand the consumer market.

DIRECTORS' REPORT

Your directors submit their report on Byte Power Group Limited ("the company") consisting of Byte Power Group Limited and the entities it controlled ("the Group") at the end of, or during, the year ended 30 June 2017.

Directors

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

Information on Directors (including special responsibilities)

Director	Qualifications and experience	Special responsibilities	Interest in shares and options
Mr. Alvin Phua	Alvin is a Singaporean-born Australian. As a founder of Byte Power in 1989, Alvin has key business and government relationships throughout Australia and South-East Asia.	Executive Chairman & CEO Member of Remuneration Committee	34,477,395 ordinary shares, Nil options
Mr. Raphael Tham	Raphael is a Singaporean who has strong technology industry credentials and is an experienced business strategist. He has held senior positions and advisor with several companies in Asia. His skills and experience include starting new businesses, overseas expansion, and mergers & acquisitions.	Non-Executive Director Chairman of Audit Committee	12,479,844 ordinary shares, Nil options
Mr. Yano Lim	Yano has over 20 years' experience as a Business Analyst for large corporations reviewing business processes, change management and systems enablement. His strong Business Analytical skills and experience in various overseas environments such as Australia, New Zealand, Indonesia, Papua New Guinea and the United States of America brings valuable insight to the Group.	Non-Executive Director Member of Remuneration Committee Member of Audit Committee	24,425,000 ordinary shares, Nil options
Mr. Howard Shi (resigned 19 October 2016)	Howard is currently the owner and director of Oval Links Limited, a company specializing in international investment and finance opportunities. He has over 17 years financial market investment experience through his senior investment advisor role with Bell Potter Securities Limited and more recently was the Executive Director for Ellerston Resources, a subsidiary of Ellerston Capital.	Non-Executive Director Chairman of Remuneration Committee Member of Audit Committee	Nil shares, Nil options

Directorships of other listed companies

Other than Mr Raphael Tham, no director held directorships of other listed companies in the three years immediately before the end of the financial year.

Mr Raphael Tham was the Executive Director of USP Group Ltd (previously Unionmet Singapore Ltd), a company listed on the mainboard of the Singapore Exchange but has stepped down recently in July 2017. He was also a director in Auhua Clean Energy Plc (Code: ACE.L), a company previously listed in the London Stock Exchange AIM until May 2016. Save for BPG, Mr Tham does not have any other directorships in other listed companies.

Company Secretary

Company Secretary	Qualifications and experience	Special responsibilities
Mr. Yano Lim (appointed 17 February 2017)	Yano has over 20 years' experience as a Business Analyst for large corporations reviewing business processes, change management and systems enablement. His strong Business Analytical skills and experience in various overseas environments such as Australia, New Zealand, Indonesia, Papua New Guinea and the United States of America brings valuable insight to the Group.	Company Secretary Non-Executive Director Member of Remuneration and Audit Committees
Ms. Anna Cheng (resigned 17 February 2017)	Anna has over 11 years finance experience and is a CPA with a Bachelor of Business, Majoring in Accountancy and Professional Accounting Extended Major. Anna held the position of Company Accountant for Byte Power Group Ltd.	Company Secretary Company Accountant

Dividends

The Directors have determined that there will be no payment of a dividend for the year ended 30 June 2017 (2016: Nil).

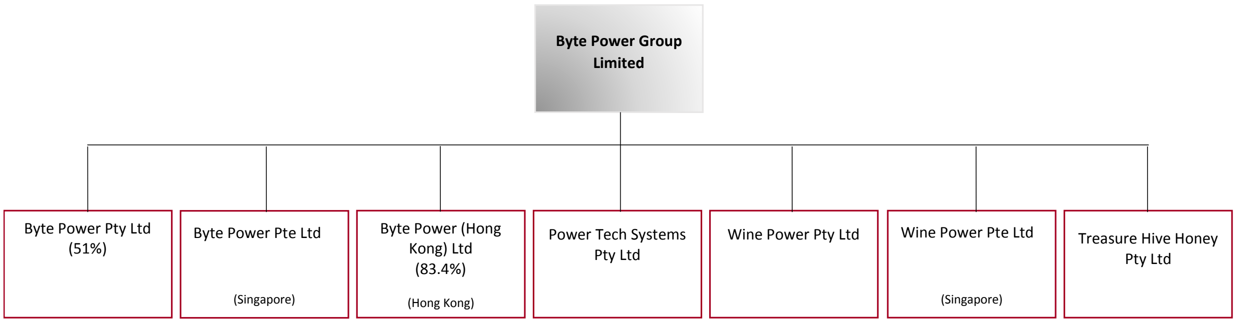
DIRECTORS' REPORT (continued)

Corporate Structure

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

- Byte Power Pty Ltd (51% ownership)
- Byte Power Pte Ltd
- Byte Power (Hong Kong) Limited (83.4% ownership)
- Power Tech Systems Pty Ltd
- Wine Power Pty Ltd
- Wine Power Pte Ltd
- Treasure Hive Honey Pty Ltd

Byte Power Group Limited – Corporate Structure as at 30 September 2017



Nature of Operations and Principal Activities

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

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

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

REVIEW AND RESULTS OF OPERATIONS

Summary

For the year ended 30 June 2017, the group reports a profit from continuing activities before tax of $697K compared to last year's reported loss of $552K largely due to an increase in profits in the IT&T division and positive debt restructuring by Byte Power Group Ltd.

Profit for the year attributable to members of the parent entity was $697K representing a 227% increase when compared to last year's reported loss of $552K. This amount includes other income of $1.78M from debt restructuring and foreign exchange losses.

EBITDA for the year was $1.14M compared to an EBITDA of ($8K) the previous year.

Revenues from continuing activities in the financial year ended 30 June 2017 were $4.06M compared to $3.07M in the financial year ended 30 June 2016. Revenues over all segments experienced an increase of $0.99M for the financial year of 30 June 2017 when compared to the previous financial year.

Comments on the Group's operations and results

Detailed results are as follows:

	2017 $	2016 $	% change
Revenue from ordinary activities	4,059,137	3,072,999	32%
EBITDA	1,140,337	(7,680)	
Impairment	-	-	
Depreciation/Amortisation	(20,940)	(29,975)	33%
EBIT	1,119,397	(37,655)	
Financial costs	(422,344)	(513,921)	(18%)
Operating profit/(loss) before income tax	697,053	(551,576)	227%
Income tax expense	-	(212)	
Net profit/(loss)	697,053	(551,788)	227%

REVIEW AND RESULTS OF OPERATIONS (continued)

Business Unit results from continuing operations are set out below:

	Revenues		Results before income tax	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Segment:				
Power Management	19,245	36,796	(6,773)	(47,568)
IT&T	2,401,048	-	1,477,851	(87,762)
Asia Business Division	1,638,844	3,036,203	(699,819)	269,397
Other	-	-	(74,205)	(888,604)
	4,059,137	3,072,999	697,053	(754,537)

Significant Changes in the State of Affairs

During the 2016-17 financial year, Soar Labs Pte Ltd bought 49% of Byte Power Pty Ltd. As part of this transaction Byte Power Pty Ltd will be establishing and launching a Cryptocurrency exchange in Brisbane, Australia.

Significant Events after Balance Date

To discharge creditor balances subsequent to balance date Byte Power Group Ltd entered into Discharge of Debt Agreements with a number of creditors to discharge the debts owing by Byte Power Group Ltd and its subsidiaries to these creditors through the issue of soar coins. The total amount of creditor balances reflected in these signed agreements to be discharged is $1,214,916 with $1,137,627 of this balance discharged post 30th June 2017. The total number of soar coins that have been issued to discharge these debts is 43,844,473. As at 30th June 2017, of the total creditor balances to be discharged through the issue of soar coins, an amount of $77,289 of discharge debt is reflected in the accounts. The issue of soar coins to the other creditors who have entered into the Discharge of Debt agreements has now been completed.

No other matter or circumstance has risen since 30th June 2017 that has significantly affected the consolidated entity's operations in future financial years, or the results of those operations in future financial years or the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results

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

Although the IT&T segment will experience a revival through the Big Data and Cryptocurrency opportunities, the Group will continue to develop overseas markets under the Asian Business Division as well as growing its wine and organic honey distribution businesses across new brands and new markets.

The Power Management Divisions will continue to be maintained and remain positive to take up any future opportunities in the segment.

REVIEW AND RESULTS OF OPERATIONS (continued)

Environmental Regulation and Performance

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

Share Options

There were no listed and unlisted options as at 30 June 2017.

Shares issued as a result of the exercise of options

During the financial year no options were exercised.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

REMUNERATION REPORT (Audited)

Directors' and other Officers' Remuneration

Remuneration policy

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

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

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

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

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

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

Details of Remuneration of Key Management Personnel

Name	Title and appointment date	Contractual arrangement with KMP
Alvin Phua	Executive Chairman and Chief Executive Officer 1 December 2002	No fixed term. 6 months' notice required to terminate.
Raphael Tham	Non Executive Director 7 June 2004	2 year contract from 23 November 2015.
Howard Shi (resigned 19 October 2016)	Non Executive Director 5 July 2013	2 year contract from 7 November 2014.
Yano Lim	Non Executive Director 9 November 2015	2 year contract from 9 November 2015.
Anna Cheng (resigned 17 February 2017)	Company Secretary	No fixed term. 2 weeks' notice required to terminate

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

Details of Remuneration of Key Management Personnel (continued)

Equity instruments of Key Management Personnel

Interest in the equity instruments of Byte Power Group Limited held by directors and key management personnel, including their director related entities as at 30 June 2017:

	Ordinary shares Fully Paid			
	2016 Number	Addition	Disposal	**2017 Number**
Alvin Phua*	34,477,395	-	-	**34,477,395**
Raphael Tham	12,479,844	-	-	**12,479,844**
Howard Shi	-	-	-	**-**
Yano Lim**	24,425,000	-	-	**24,425,000**
	71,382,239	-	-	**71,382,239**

There were no options over ordinary shares held by KMP during the year ended or as at 30 June 2017.

* Held by Alvin Phua and Australasia Management Group Pty Ltd as trustee for the Phua Super Fund.
** 23,925,000 ordinary shares held by The Lim Superannuation Fund Account.

Details of Remuneration of Key Management Personnel (continued)

Directors of Byte Power Group Limited

2017	Short Term Benefits			Post Employment Benefits		Share Based Payments	Other	Total	Proportions of Remuneration Related to Performance
	Salary & Fees	Cash bonus	Non-monetary	Super-annuation	Retirement benefits	Options			
	$	$	$	$	$	$	$	$	%
Alvin Phua	35,000	-	-	3,500	-	-	-	38,500	-
Raphael Tham	25,000	-	-	-	-	-	-	25,000	-
Howard Shi (resigned 19 October 2016)	7,527	-	-	-	-	-	-	7,527	-
Yano Lim	25,000	-	-	2,500	-	-	-	27,500	-
	92,527	**-**	**-**	**6,000**	**-**	**-**	**-**	**98,527**	-

2016	Short Term Benefits			Post Employment Benefits		Share Based Payments	Other	Total	Proportions of Remuneration Related to Performance
	Salary & Fees	Cash bonus	Non-monetary	Super-annuation	Retirement benefits	Options			
	$	$	$	$	$	$	$	$	%
Alvin Phua	35,000	-	-	3,500	-	-	-	38,500	-
Raphael Tham	25,000	-	-	-	-	-	-	25,000	-
Howard Shi	25,000	-	-	1,042	-	-	-	26,042	-
Yano Lim (appointed 9 November 2015)	16,146	-	-	1,615				17,761	
	101,146	**-**	**-**	**6,157**	**-**	**-**	**-**	**107,303**	-

Details of Remuneration of Key Management Personnel (continued)

Executives of Byte Power Group Limited

2017	**Short Term Benefits**			**Post Employment Benefits**		**Share Based Payments**	**Other**	**Total**	**Proportions of Remuneration Related to Performance**
	Salary & Fees $	Cash bonus $	Non-monetary $	Super-annuation $	Retirement benefits $	Options $	$	$	$
Alvin Phua (separate to above)	204,728	-	-	20,473	-	-	-	225,201	-
Anna Cheng (resigned 17 February 2017)	58,682	-	-	5,686	-	-	-	64,368	**-**
	263,410	**-**	**-**	**26,159**	**-**	-	**-**	**289,569**	**-**

2016	**Short Term Benefits**			**Post Employment Benefits**		**Share Based Payments**	**Other**	**Total**	**Proportions of Remuneration Related to Performance**
	Salary & Fees $	Cash bonus $	Non-monetary $	Super-annuation $	Retirement benefits $	Options $	$	$	$
Alvin Phua (separate to above)	204,728	-	-	20,473	-	-	-	225,201	-
Ethel Lau (resigned 8 February 2016	69,155	-	-	6,881	-	-	-	76,036	**-**
Anna Cheng (resigned 17 February 2017)	94,744	-	-	9,474	-	-	-	104,218	**-**
	368,627	**-**	**-**	**36,828**	**-**	-	**-**	**405,455**	**-**

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

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

In addition to the above, cash advances were provided to key management personnel with closing balances at year end as follows.

	30 June 2017	30 June 2016
	$	$
Alvin Phua*	**44,698**	39,771
	44,698	39,771

End of Remuneration Report

Directors' Meetings

The number of meetings of the Company's Board of directors held (including meetings of committees of directors) during the year ended 30 June 2017 and the numbers of meetings attended by each director were:

	Directors' meeting		Audit committee		Remuneration committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Alvin Phua	10	10	2	2	-	-
Raphael Tham	10	10	2	2	-	-
Howard Shi*	3	3	1	1	-	-
Yano Lim	10	10	2	2	-	-

* H Shi resigned as Director on 19th October 2016

Committee Membership

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

Audit Committee

Raphael Tham (Chairman)
Yano Lim

Remuneration Committee

Alvin Phua (Chairman)
Yano Lim

Auditor

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

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

Non-audit services

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

Auditor Independence

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

Corporate Governance

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

Signed in accordance with a resolution of the directors.

Alvin Phua
Executive Chairman & CEO

Brisbane, 29 September 2017

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

PKF Hacketts

PKF HACKETTS AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE, 29 SEPTEMBER 2017

PKF Hacketts Audit
ABN 33 873 151 348

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CORPORATE GOVERNANCE

Corporate Governance Statement

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

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

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

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

Corporate Governance Council Recommendation		Statement Commentary	Explanation of Departure with ASX Recommendation
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The Board exists to lead and oversee the management and direction of the Company. The skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report for the financial year ended 30 June 2017 ("Annual Report") is included in the Director's Report of the Annual Report.	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	In each instance, appropriate background checks were carried out on each candidate prior to their appointment or nomination for election. Material information relevant to a decision about each candidate for election or re-election is contained in the Notice of Meeting.	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Directors and senior executives have written agreements setting out the terms of their appointment.	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Board has access to the Company Secretary (who is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board) and has procedures for the provision of information, including requests for additional information.	

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

	Corporate Governance Council Recommendation	Statement Commentary	Explanation of Departure with ASX Recommendation
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	A separate nomination committee has not been formed.	The role of the nomination committee is carried out by the full Board. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate nominations committee. Membership of the Board is reviewed on an ongoing basis by the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's existing businesses and objectives.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	When a Board vacancy occurs, the Board identifies the particular skills, diversity, experience and expertise that will best complement Board effectiveness, and undertakes a process to identify candidates who can meet those criterias.	
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	During the period of the Annual Report, the independent members of the Board were: - Mr Raphael Tham (Independent non executive director) From 7 June 2004 to present - Mr Howard Shi (Independent non executive director) From 5 July 2013 to 19 October 2016 - Mr Yano Lim (Independent non executive director) From 9 November 2015 to present An independent director is a non-executive director and: (a) is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company; (b) within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment (c) within the last three years has not been a principal of a material professional adviser or a material consultant to the company, another group member, or an employee materially associated with the service provided;	

Corporate Governance Council Recommendation		Statement Commentary	Explanation of Departure with ASX Recommendation
		(d) is not a material supplier or customer of the company or other group, member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; (e) has no material contractual relationship with the company or another group member other than as a director of the company; (f) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company; (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company. In accordance with the Council's definition of independence above, the following directors are considered to be independent at the date of this report: Mr Raphael Tham and Mr Yano Lim are independent directors.	
2.4	A majority of the board of a listed entity should be independent directors.	The Board comprises of two independent non-executive directors and one executive director (the Chairman & CEO).	
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Chairman is not an independent director and is also the CEO.	Given the size and scope of the Company's operations, the Board considers that there is no real benefit to be gained by appointing an independent chairman. Being a founder of the group, Mr Phua remains a driving force in the future of the Company.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Board provides an appropriate induction program for new directors, which includes onsite visits in order to familiarise them to the Company's operations. Directors are encouraged to develop professionally in the necessary skills required to maintain relevant knowledge.	
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The Board acknowledges and emphasises the importance of all Directors and employees maintaining the highest standards of corporate governance practice and ethical conduct. A Code of Conduct has been established requiring the Directors and employees to: - act honestly and in good faith; - exercise due care and diligence in fulfilling the functions of office; - avoid conflicts and make full disclosure of any possible conflicts of interest; - encourage the reporting and investigating of unlawful and unethical behaviour; - comply with the law; and - comply with the Securities trading policy outlined in the Code of Conduct.	

<table>
<tr><th colspan="2">Corporate Governance Council Recommendation</th><th>Statement Commentary</th><th>Explanation of Departure with ASX Recommendation</th></tr>
<tr><td colspan="4">PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</td></tr>
<tr><td>4.1</td><td>The board of a listed entity should:
(a) have an audit committee which:
(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
(2) is chaired by an independent director, who is not the chair of the board,
and disclose:
(3) the charter of the committee;
(4) the relevant qualifications and experience of the members of the committee; and
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</td><td>The Board has established an audit committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control, ethical standards for the management of the Group, nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory and half yearly review or audit to the audit committee.

The Audit committee is chaired by an independent director and has three members.

The members of the audit committee were, at the date of the Annual Report, Mr Raphael Tham (non-executive director), Chairman, and Mr Yano Lim (non-executive director), Member.</td><td></td></tr>
<tr><td>4.2</td><td>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</td><td>The CEO and Company Accountant state in writing to the Board each reporting period that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The statements from the CEO and Company Accountant are based on a formal sign off framework established throughout the Company and reviewed by the Audit Committee as part of the six-monthly financial reporting process.

The CEO and Company Accountant state in writing to the Board each reporting period that:
- the financial records of the Company for the year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- the financial statements, and the notes for the year comply with the accounting standards in all material respects; and
- the risk management and internal control systems, to the extent that they relate to financial reporting, are operating effectively in all material respects based on the risk management model adopted by the Company.</td><td></td></tr>
</table>

Corporate Governance Council Recommendation		Statement Commentary	Explanation of Departure with ASX Recommendation
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The senior engagement partner (or his representative) of the Company's external auditor, PKF Hacketts, attends the Company's Annual General Meetings (AGM) and is available to answer questions from shareholders about the audit. The Chairman advises the shareholders of this at the commencement of each AGM.	
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	The Board has adopted a Continuous Disclosure Policy to ensure the Company complies with its disclosure obligations under ASX Listing Rules and the Corporations Act. The Continuous Disclosure Policy is designed to meet market best practice, ensuring that company announcements are: - made in a timely manner; - factual; - do not omit material information; - are expressed in a clear and objective manner that allow investors to assess the impact of the information when making investor decisions.	
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Board makes timely announcements in line with continuous disclose obligations. The Board is conscious of the need to continually keep shareholders and the market advised. Accordingly, timely announcements are made which ensure that shareholders and the market are adequately informed about its activities. All announcements are also being posted on our website www.bytepowergroup.com which is accessible by the public.	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Chairman holds post results (full year and interim) meetings with financial analysts and institutional investors and brokers in Australia and internationally.	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Shareholders are also encouraged to participate in the AGM to ensure a high level of accountability and identification with the Company's strategies and goals. Important issues are presented to shareholders as separate resolutions. Shareholders who are unable to attend the AGM may vote by appointing a proxy using the form included with the Notice of Meeting.	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company gives Shareholders the option to receive communications from and send communications to the Company and its security registry electronically.	

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	CONSOLIDATED 30 JUNE 2017 $	 30 JUNE 2016 $
Revenues			
Revenues from continuing activities	2	**4,059,137**	3,072,999
Cost of goods sold		**(2,941,882)**	(1,838,899)
Gross profit		**1,117,256**	1,234,100
Other income / (expense)	3	**1,778,153**	(109,741)
Depreciation and amortisation expenses	4	**(20,940)**	(29,975)
Finance cost expenses	4	**(422,344)**	(513,921)
Salaries and employee benefits expenses		**(538,926)**	(607,093)
Directors' fees		**(98,552)**	(107,302)
Rent and outgoings		**(68,711)**	(66,635)
Travel, accommodation and entertainment		**(130,739)**	(147,705)
Consultants / Professional fees		**(151,047)**	(137,600)
Provision for impairment – trade receivables		**(656,296)**	-
Other expenses from ordinary activities		**(110,801)**	(268,664)
Profit / (loss) before related income tax		**697,053**	(754,536)
Income tax (expense) / benefit	5	**-**	(212)
Net profit / (loss) for the year from continuing operations		**697,053**	(754,748)
Profit / (loss) from discontinued operations		**-**	202,959
Profit / (loss) for the year attributable to members of the parent entity		**697,053**	(551,789)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(682)**	392
Revaluation gain on intangible assets - cryptocurrency		**10,159,359**	-
Total other comprehensive income for the period, net of tax		**10,158,677**	392
		10,855,731	(551,397)
Total comprehensive income attributable to:			
Owners of Byte Power Group Limited		**7,390,475**	(551,397)
Non-controlling interests		**3,465,256**	-
		10,855,731	(551,397)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

(continued)

		CONSOLIDATED	
		30 JUNE 2017	**30 JUNE 2016**
Earnings per share:		**Cents per share**	
From continuing and discontinued operations			
Basic earnings per share	31	0.031	(0.025)
Diluted earnings per share	31	0.031	(0.025)
From continuing operations			
Basic earnings per share	31	0.031	(0.034)
Diluted earnings per share	31	0.031	(0.034)
From discontinued operations			
Basic earnings per share	31	-	0.009
Diluted earnings per share	31	-	0.009

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	CONSOLIDATED 30 JUNE 2017 $	30 JUNE 2016 $
CURRENT ASSETS			
Cash and cash equivalents	7	**19,221**	11,790
Receivables	8	**4,531,036**	2,587,369
Inventories	9	**61,938**	84,633
Intangible assets - Cryptocurrency	10	**21,409,561**	-
Other		**40,834**	9,324
TOTAL CURRENT ASSETS		**26,062,590**	2,693,116
NON-CURRENT ASSETS			
Plant and equipment	11	**2,624**	118,093
Other	12	**9,350**	9,350
TOTAL NON-CURRENT ASSETS		**11,974**	127,443
TOTAL ASSETS		**26,074,565**	2,820,559
CURRENT LIABILITIES			
Payables	13	**4,056,448**	3,656,054
Related Party Payables	14	**1,729,062**	1,777,112
Interest bearing liabilities (related parties)	18	**241,034**	-
Provisions	17	**255,184**	250,259
Borrowings	15	**-**	130,176
TOTAL CURRENT LIABILITIES		**6,281,728**	5,813,601
NON-CURRENT LIABILITIES			
Convertible loans	16	**321,459**	591,780
Related party payables	19	**131,322**	107,458
Interest bearing liabilities (related parties)	18	**2,156,103**	1,844,577
Long term liabilities	20	**67,500**	67,500
Deferred Tax Liability	21	**4,354,011**	-
TOTAL NON-CURRENT LIABILITIES		**7,030,395**	2,611,315
TOTAL LIABILITIES		**13,312,123**	8,424,916
NET ASSETS		**12,762,442**	(5,604,357)
EQUITY			
Contributed equity	22	**53,109,922**	53,109,922
Reserves	23	**13,169,084**	(71,032)
Accumulated losses		**(58,344,480)**	(58,643,247)
EQUITY ATTRIBUTED TO OWNERS OF BYTE POWER GROUP LTD		**7,934,526**	(5,604,357)
NON-CONTROLLING INTERESTS		**4,827,916**	-
TOTAL EQUITY		**12,762,442**	(5,604,357)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Contributed equity $	Reserves $	Accumulated losses $	Non-Controlling Interest $	Total $
Balance at 1 July 2015	53,109,922	(71,424)	(58,091,459)	-	(5,052,961)
Profit for the period	-	-	(551,789)	-	(551,789)
Total other comprehensive income	-	392	-	-	392
Total comprehensive income	-	392	(551,789)	-	(551,397)
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the period	-	-	-	-	-
Share issue costs	-	-	-	-	-
Contribution by members	-	-	-	-	-
Sub-total	53,109,922	(71,032)	(58,643,248)		(5,604,357)
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2016	**53,109,922**	**(71,032)**	**(58,643,248)**	**-**	**(5,604,357)**
Balance at 1 July 2016	53,109,922	(71,032)	(58,643,248)	-	(5,604,357)
Profit/(loss) for the period	-	-	298,767	398,287	697,053
Total other comprehensive income	-	7,091,708	-	3,066,969	10,158,677
Total comprehensive income	-	7,091,708	298,767	3,465,256	10,855,731
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the period	-	-	-	-	-
Share issue costs	-	-	-	-	-
Recognition of non-controlling interest in Byte Power Pty Ltd	-	6,148,408	-	1,362,660	7,511,068
Contribution by members	-	6,148,408	-	1,362,660	7,511,068
Sub-total	53,109,922	13,369,084	(58,344,481)	4,827,916	12,762,442
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2017	**53,109,922**	**13,169,084**	**(58,344,481)**	**4,827,916**	**12,762,442**

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	CONSOLIDATED 2017 $	2016 $
		Inflows / (Outflows)	
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		**1,053,282**	4,273,223
Payments to suppliers and employees		**(1,097,829)**	(4,204,710)
Interest received		**-**	-
Interest and other costs of finance paid		**(116,975)**	(75,074)
Net cash provided by / (used in) operating activities	24	**(161,522)**	(6,561)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		**-**	(544)
Proceeds from sale of property plant & equipment		**127,733**	-
Net cash provided by / (used in) investing activities		**127,733**	(544)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issues of share capital		**-**	-
Proceeds from borrowings		**59,081**	32,485
Repayment of borrowings		**-**	-
Payment for lease liabilities		**(17,177)**	(17,662)
Net cash provided by / (used in) financing activities		**41,904**	14,823
Net increase / (decrease) in cash held		**8,115**	7,718
Effects of functional currency exchange rate change		**(682)**	392
Cash at beginning of year		**11,790**	3,680
Cash at end of year	7	**19,221**	11,790

The accompanying notes form part of the financial statements.

1. Summary of Significant Accounting Policies

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

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

The principle accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of Accounting

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

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

Compliance with IFRSs

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

Going Concern

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

The consolidated entity has made a profit from continuing operations before tax of $697,053 (2016: Loss of $551,789) for the year ended 30 June 2017. The consolidated entity was in a net current asset position of $17,116,454 (2016: net current liability $5,604,357) as at 30 June 2017.

The improvement in the consolidated entity's net asset position relates predominately to the revaluation of current intangible assets. As the majority of the assets held are cryptocurrency, which have an inherent volatility in its price and liquidity, the ability of the consolidated entity to continue as a going concern, including Byte Power Group Limited's ability to pay its debts as and when they fall due needs to be considered. The continuation of the consolidated entity as a going concern is dependent upon its ability to achieve the following:

- The continued support of major creditors and loans from the major shareholders;
- Obtaining additional equity in the form of capital raising or longer term debt to enable the Group to fund operating, and investing activities and cash flow requirements; and
- The generation of future positive cash flow 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 as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The final report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

1. Summary of Significant Accounting Policies (continued)

(b) Principles of Consolidation

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

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

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

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

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

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

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

(c) Income Tax

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

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

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

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

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

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

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

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

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

(d) Goods and Services Tax (GST)

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

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

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

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

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

1. *Summary of Significant Accounting Policies (continued)*

(e) Foreign currency transactions and balances

i. Functional and presentation currency

The functional currency of the controlled entities is measured using the currency of the primary economic environment in which that entity operates. The Consolidated Financial Statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Consolidated Statement of Comprehensive Income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the Consolidated Statement of Comprehensive Income.

iii. Group companies

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

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

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

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

(f) Revenue Recognition

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

(i) Sale of goods
Revenue is recognised when the goods have been dispatched or has been provided to a customer pursuant to a sales order and the associated risks have passed to the carrier or customer.

(ii) Sale of services
Maintenance revenue represents non-refundable maintenance fees earned.

(iii) Interest
Control of the right to receive the interest payment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of Significant Accounting Policies (continued)

(g) Receivables

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

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

(h) Inventories

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

(i) Impairment

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

(j) Investments

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

(k) Plant and Equipment and Depreciation

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The expected useful lives are as follows:

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

(l) Leases

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

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

The lease incentive liability in relation to the non-cancellable operating lease is being reduced on an imputed interest basis over the lease term (5 years) at the rate implicit in the lease.

1. Summary of Significant Accounting Policies (continued)

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

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

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

(m) Payables

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

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

(n) Interest - Bearing Liabilities

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

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

(p) Employee benefits

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Summary of Significant Accounting Policies (continued)

(q) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at the lower of cost and net realisable value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

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

(r) Contributed Equity

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

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

(s) Earnings per Share (EPS)

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

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

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

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

(t) Intangible Assets – Cryptocurrency

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

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

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

(u) Financial Instruments

Initial Recognition and Measurement

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

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

1. Summary of Significant Accounting Policies (continued)

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

ii. Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

Derecognition

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

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

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. Adoption has not resulted in any material changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior year.

New Accounting Standards for Application in Future Periods

At the date of authorisation of the financial statements, the Standards and Interpretations listed below which are relevant to the Group, were in issue but not yet effective.

1. Summary of Significant Accounting Policies (continued)

New Accounting Standards for Application in Future Periods (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 10 'Revenue From Contracts With Customers'	1 January 2018	30 June 2019
AASB 16 'Leases"	1 January 2019	30 June 2020

The potential effect of the revised Standards/Interpretations on the Group's financial statements has not yet been determined.

(w) Critical Accounting estimates and judgements

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

Key estimates & Key Judgements:

(i) Tax Losses not brought to account

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

(ii) Provision for Doubtful Debts

The recognition of provisions involves assumptions about the probability, amount and timing of the inflow of resources embodying economic benefits. A provision is recognised to the extent that an inflow of economic benefits is probable and a reliable estimate can be made. Due to the aging of Trade Debtors as at 30 June 2017, an impairment amount equating to 10% of the debtor ledger balance of debtors aged 6mths to 1yr, 50% of the debtor ledger balance of debtors aged between 1yr and 2yrs and 100% of all debtor balances over 2yrs was provided for in the event for amounts being non-recoverable. For the year ended 30 June 2016, a provision of approximately 5% of the total debtor balances was recognised in the event of amounts being non-recoverable.

(iii) Valuation and Classification of Cryptocurrency

Valuation of Cryptocurrency

The value of Cryptocurrency is measured at fair value using the quoted price obtained from the Coinmarketcap exchange at balance date, translated from its denominated rate to AUD.

1. *Summary of Significant Accounting Policies (continued)*

Valuation of Cryptocurrency (continued)

This is considered to represent a quoted price in an active market for identical assets. Given the majority of cryptocurrency held by the group is in the form of Soar coins, management has selected this exchange as it is a major Soar coin exchange with appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

Soar coins have a fixed supply in the market. Accordingly, there are not currently significant volumes of trades of Soar coins which creates significant volatility in the underlying quoted price of Soar coins. This volatility in price can have a material impact on the total value of coins presented at any point in time.

Classification of Cryptocurrency

Cryptocurrencies are considered to be identifiable non-monetary assets without physical substance. The Directors have determined that cryptocurrencies held are treated as intangible assets under AASB138 *Intangible Assets*.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Revenue

	CONSOLIDATED 2017 $	2016 $
Revenues from operating activities		
Revenue from sale of goods	**4,053,557**	3,055,780
Revenue from services	**5,580**	17,219
Total revenues from continuing activities	**4,059,137**	3,072,999

3. Other income/expense

	2017 $	2016 $
Gain from Debt Extinguishment	**2,082,039**	76,771
Gain from Sale of Non-current asset	**18,651**	-
FX losses and other income	**(322,537)**	32,970
Total revenues from continuing activities	**1,778,153**	109,741

4. Expenses

	2017 $	2016 $
Depreciation of non-current assets		
- Plant and equipment	**26**	46
- Furniture and fittings	**1,055**	1,332
- Plant and equipment under lease	**19,859**	28,597
Total depreciation expenses	**20,940**	29,975
Finance costs		
- Interest expense – finance leases	**-**	7,064
- Interest expense – director related entity	**280,624**	324,777
- Other borrowing costs	**141,720**	182,080
- Other borrowing costs (discontinued operations)	**-**	-
Total finance costs	**422,344**	513,921
Net foreign currency (gain) / losses	**323,250**	188,507
Operating lease rental	**61,906**	60,732
Superannuation contributions	**48,759**	54,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

5. *Income Tax Expense*

	CONSOLIDATED	
	2017	2016
	$	$
The prima facie tax, on operating loss differs from the income tax provided in the financial statements as follows:		
Profit / (loss) for the year	**697,053**	(551,789)
Prima facie tax on profit / (loss) from continuing operations at 27.5% (2016: 30%)	**191,690**	(165,537)
Tax effect of profit / losses of current period not brought to account	**-**	165,325
Tax losses utilised	**(191,690)**	-
Income tax expense / (benefit)	**-**	212
Unused tax losses for which no deferred tax asset has been recognised	**24,704,314**	25,401,367
Potential tax benefit at 27.5% (2016: 30%)	**6,793,686**	7,620,410

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

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

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

6. *Parent entity financial information*

	PARENT ENTITY	
	2017	2016
	$	$
Current assets	**2**	40
Total assets	**8,905,944**	126,684
Current liabilities	**4,913,987**	5,628,637
Total liabilities	**20,338,965**	16,159,823
Contributed equity	**53,109,922**	53,109,922
Reserves	**3,900,239**	-
Accumulated losses	**(68,443,182)**	(69,269,745)
	(11,433,021)	(16,159,823)
Net Profit/(Loss)	**826,563**	(1,316,850)
Total comprehensive income	**826,563**	(1,316,850)

Financial guarantees
The Parent entity has provided no financial guarantees.

Contingent liabilities
The Parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

Commitments
The Parent entity had no contractual commitments as at 30 June 2017 or 30 June 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	CONSOLIDATED 2017 $	2016 $

7. Current Assets - Cash and Cash Equivalents

	2017 $	2016 $
Cash at bank	**19,221**	11,790

8. Current Assets - Receivables

	2017 $	2016 $
Trade debtors	**5,325,382**	2,727,369
Provision for impairment	**(794,346)**	(140,000)
	4,531,036	2,587,369

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Group is considered to be related to the class of assets described as Trade and other receivables.

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

	2017 $	2016 $
Australia	**1,394**	1,521
China	**5,323,988**	2,725,848
Provision for impairment	**(794,346)**	(140,000)
	4,531,036	2,587,369

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

	Opening balance	Charge for year	Provision no longer required	Closing balance
	$	$	$	$
2017				
Provision for impairment	**140,000**	**654,346**	-	**794,346**
2016				
Provision for impairment	**-**	**140,000**	-	**140,000**

Credit Risk – trade and other receivables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Gross	Past due and impaired	Past due but not impaired (days overdue)				Within trade terms
			< 30 days	31 - 60 days	61 - 90 days	> 90 days	
	$	$	$	$	$	$	$
2017							
Trade receivables	**5,325,382**	**794,346**	**-**	**-**	**-**	**4,201,307**	**1,124,075**
2016							
Trade receivables	**2,727,369**	**140,000**	**-**	**-**	**-**	**2,307,021**	**420,348**

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

	CONSOLIDATED	
	2017	2016
	$	$

9. *Current Assets - Inventories*

Finished goods – net realisable value	**61,938**	84,633

10. *Intangible Assets - Cryptocurrency*

Number of Soar Coins:	**No.**	No.
Opening balance	**-**	-
Additions	**306,250,000**	-
Disposals	**(2,787,976)**	-
Closing balance	**303,462,024**	-
Valuation of Cryptocurrency:	**$**	$
Opening balance	**-**	-
Additions	**6,484,913**	-
Disposals	**(77,289)**	-
Revaluation	**15,001,937**	-
Closing Balance	**21,409,561**	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Sensitivity analysis

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

	CONSOLIDATED	
	2017 $	**2017 $**
	$	$
+25% in market value – increase / (decrease) in reported comprehensive income	**5,352,390**	-
-50% in market value – increase / (decrease) in reported comprehensive income	**(10,704,780)**	-

11. Non-Current Assets – Plant and Equipment

Plant and equipment:		
At cost	**8.000**	8.000
Less: Accumulated depreciation	**(7,896)**	(7,870)
	104	130
Office furniture and equipment:		
At cost	**106,641**	107,185
Less: Accumulated depreciation	**(104,121)**	(103,610)
	2,520	3,575
Leased assets:		
At cost	**36,500**	186,751
Less: Accumulated depreciation	**(36,500)**	(72,363)
	-	114,388
Total plant and equipment	**2,624**	118,093

(a) Reconciliations

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

Plant and equipment		
Carrying amount at beginning	**130**	175
Disposals	**-**	-
Depreciation expense	**(26)**	(45)
	104	130

	CONSOLIDATED	
	2017	2016
	$	$

11. Non-Current Assets – Plant and Equipment (continued)

Office furniture and equipment		
Carrying amount at beginning	**3,575**	4,364
Additions	**-**	544
Depreciation expense	**(1,055)**	(1,333)
	2,520	3,575
Leased assets		
Carrying amount at beginning	**114,388**	142,985
Disposals	**(95,323)**	-
Amortisation expense	**(19,065)**	(28,597)
	-	114,388

12. Non-Current Assets - Other

Security deposits	**9,350**	9,350
Deposits - overseas	**-**	-
	9,350	9,350

13. Current Liabilities - Payables

Trade creditors	**3,290,608**	210,824
Other creditors	**765,840**	3,445,230
	4,056,448	3,656,054

14. Current Liabilities - Related Party Payables

Unsecured		
Payable to Director related entities	**1,729,062**	1,777,112

Further information relating to loans from related parties is set out in Note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	CONSOLIDATED	
	2017	2016
	$	$

15. Borrowings

(a) Current

	2017 $	2016 $
Lease liability – secured	**-**	130,176

(b) Non-Current

	2017 $	2016 $
Lease liability – secured	**-**	-

(c) Total

	2017 $	2016 $
Lease liability – secured	**-**	130,176

16. Convertible loans

	2017 $	2016 $
Loans - Unsecured converting loans (Non-current liability)	**321,459**	591,781

The converting loans bear interest of 10% per annum. No collateral is required.

17. Current Liabilities – Provisions

Employee benefits

	2017 $	2016 $
Balance at 1 July	**250,259**	256,269
Additional provisions	**31,035**	87,893
Amounts used	**26,110**	93,903
Balance at 30 June	**255,184**	250,259

18. Liabilities - Interest Bearing Liabilities (related parties)

	2017 $	2016 $
Current Liabilities (Unsecured loans from director or director related entities)	**241,034**	-
Non-current Liabilities (Unsecured loans from director related entities)	**2,156,103**	1,844,577

Furrther information relating to loans from related parties is set out in Note 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	CONSOLIDATED	
	2017	2016
	$	$

19. Non-Current Liabilities - Related Party Payables

Unsecured		
Payable to director related entity	**131,322**	107,458

Further information relating to loans from related parties is set out in Note 26.

20. Non-Current Liabilities - Long Term Liabilities

Other payables	**67,500**	67,500

21. Deferred Tax Liability

Deferred tax liability – Intangible asset revaluation		
(Charged directly to equity)	**4,354,011**	-

22. Contributed Equity

(a) Issued capital

Ordinary shares fully paid	**53,109,922**	53,109,922

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

22. Contributed Equity (continued)

		Notes	**2017** Number of Shares	**2017** $	2016 Number of Shares	2016 $
(b)	***Movements in ordinary share capital:***					
	Beginning of the financial year		**2,232,569,989**	**53,109,922**	2,232,569,989	53,109,922
	End of the financial year		**2,232,569,989**	**53,109,922**	2,232,569,989	53,109,922

(c) Terms and conditions of contributed equity

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

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

(d) Options on Issue

There were no listed or unlisted options on issue as at 30 June 2017.

(e) Capital risk management

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

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

The Group monitors capital on the basis of cash flow requirements for operational and finance commitments. The Group's exposure to borrowings as at 30 June 2016 totals $2,748,429 (2015: $4,181,706). The Group will continue to use capital market issues to satisfy anticipated funding requirements. The Group's strategy to capital risk management is unchanged from prior years.

23. Reserves

	CONSOLIDATED **2017** **$**	CONSOLIDATED 2016 $
Foreign currency translation reserve	**(70,350)**	(71,032)
Cryptocurrency Revaluation reserve	**7,091,026**	-
General reserve	**6,148,404**	-
	13,169,084	(71,032)

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

Cryptocurrency Revaluation reserve -The cryptocurrency revaluation reserve records the valuation differences arising from the change in cryptocurrency pricing as at the reporting date

General reserve - The general reserve represents non-controlling interest of Retained earnings at date of Share Issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	CONSOLIDATED 2017 $	2016 $

24. Cash Flows Statement Information

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

	2017 $	2016 $
Profit / (loss) from ordinary activities after income tax	**697,053**	(551,789)
Depreciation of non-current assets	**20,940**	29,975
(Profit)/loss on disposal of subsidiary	**-**	(202,959)
Accrued Interest	**422,262**	438,847
Provision for doubtful debts	**794,346**	151,947
Change in assets and liabilities (net of effects of disposals)		
Decrease/(increase) in trade and other debtors	**(1,943,667)**	568,314
Decrease/(increase) in inventories	**22,695**	186,033
Decrease/(increase) in other assets	**83,959**	421
(Decrease)/increase in trade and other creditors	**(254,185)**	(627,245)
(Decrease)/increase in provisions	**(4,925)**	(105)
Net cash flow used in operating activities	**(161,522)**	(6,561)

25. Employee Benefits

Employee Benefits
The aggregate employee entitlement liability is comprised of:

	2017 $	2016 $
- Provision (current)	**255,184**	250,259

26. Remuneration of Auditors

	2017 $	2016 $
Audit and review of financial reports	**40,000**	40,000

27. Commitments and Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2017.

28. Related Parties and Key Management Compensation

(i) Key Management Personnel

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

A Phua	Executive Chairman & CEO
R Tham	Non Executive Director
H Shi	Non Executive Director (resigned 19th October 2016)
Y.Lim	Non Executive Director & Company Secretary (appointed Company Secretary 17th February 2017)
A Cheng	Company Accountant & Company Secretary (resigned 17th Febuary 2017)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(ii) Key Management Personnel Compensation

	CONSOLIDATED 2017 $	2016 $
Short term employee benefits	**355,937**	469,773
Post employment benefits	**32,159**	42,985
Share based payments	**-**	-
	388,096	512,758

(iii) Interests in Controlled Entities

Name of Entity	Country of incorporation	Class of Shares	Equity holdings 2017 %	2016 %
Byte Power Pty Ltd***	Australia	Ordinary	**51**	100
Power Tech Systems Pty Ltd*	Australia	Ordinary	**100**	100
Byte Power (Hong Kong) Ltd^ **	Hong Kong	Ordinary	**83.4**	83.4
Byte Power Pte Ltd^	Singapore	Ordinary	**100**	100
Wine Power Pty Ltd*	Australia	Ordinary	**100**	100
Wine Power Pte Ltd^	Singapore	Ordinary	**100**	100
Treasure Hive Honey Pty Ltd*	Australia	Ordinary	**100**	100

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

^ These companies are incorporated overseas.

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

*** New shares were issued during the 2016 / 2017 Financial Year which constituted to 49% of the issued capital of the company for US$5M which diluted Byte Power Group Ltd’s holding to 51%.

29. Related Party Transactions

Ultimate parent

Byte Power Group Limited is the ultimate Australian parent entity.

Director-Related Entity Transactions

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

Current Related Party Liabilities

The current related party payables represent amounts payable to director's related entities within the next 12 months as at 30 June 2017.

Current Non-Interest Bearing Related Party Payables

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

Non-Current Interest Bearing Related Party Liabilities

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

These unsecured loan funds have been provided at a floating interest rate which is 2% above the prime lending rate and interest for the period amounted to $226,837 (2016: $359,644). As at 30 June 2017, the outstanding loan balance was $1,959,507 (2016: $1,919,014) after repayments during the year of $0 (2016: $0). Interest outstanding as at 30 June 2017 totals $1,111,907 (2016: $1,689,881).

The Non-Current Interest Bearing Related Party Liability relates to Mr Alvin Phua’s principal and interest component of the loan as at 30 June 2017.

Non-Current Non-Interest Bearing Related Party Payables

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

30. Segment Information

Identification of reportable segments

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

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

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

30. Segment Information (continued)

IT&T
Provides IT consulting services and IT products trading.

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

Other
All other operations of the Group.

Disclosure of Major Customers

The Group's revenues from four customers accounted for $3,525,123 or 87% of total sales revenues in the twelve months ended 30 June 2017. These four customers accounted for 10% or more of total sales revenues. The revenue is predominantly generated by Wine Power Pty Ltd in Australia and Byte Power (Hong Kong) Ltd.

The following is an analysis of the revenue and results for the years ended 30 June 2017 and 30 June 2016, analysed by operational segment.

Segment

Operating segment	Power Management		IT&T		Asian Business Division		Others		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Revenue										
Sales to customers outside the consolidated entity	**19,245**	36,796	**2,401,048**	-	**1,638,844**	3,036,203	**-**	-	**4,059,137**	3,072,999
Other revenue from customers outside the consolidated entity	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Total segment revenue	**19,245**	36,796	**2,401,048**	-	**1,638,844**	3,036,203	**-**	-	**4,059,137**	3,072,999
Segment result										
Net Profit / (loss) before tax from continuing operations	**(6,773)**	(47,568)	**1,477,851**	(87,762)	**(699,820)**	269,397	**(74,205)**	(888,603)	**697,053**	(754,536)
Assets										
Segment assets	**319,805**	392,209	**16,599,799**	4,083,926	**6,633,550**	5,486,443	**13,444,741**	8,711,005	**36,997,895**	18,673,583
Eliminations	**(315,671)**	(384,581)	**(4,086,495)**	(4,082,082)	**(1,887,110)**	(2,802,039)	**(4,634,054)**	(8,584,322)	**(10,923,330)**	(15,853,024)
Total consolidated assets	**4,134**	7,628	**12,513,304**	1,844	**4,746,440**	2,684,404	**8,810,687**	126,683	**26,074,565**	2,820,559
Liabilities										
Segment liabilities	**471,406**	537,037	**4,082,371**	7,932,999	**4,894,791**	3,243,655	**23,252,759**	25,101,045	**32,701,327**	36,814,736
Eliminations	**(446,764)**	(438,116)	**(4,022,814)**	(7,874,629)	**(2,160,662)**	(2,860,225)	**(12,758,964)**	(17,216,850)	**(19,389,204)**	(28,389,820)
Total consolidated liabilities	**24,642**	98,921	**59,557**	58,370	**2,734,129**	383,430	**10,493,795**	7,884,195	**13,312,123**	8,424,916
Other Segment information										
Interest expense	**8,551**	28,097	**6,730**	48,930	**56,337**	27,861	**350,726**	409,033	**422,344**	513,921
Depreciation and amortisation	**37**	65	**168**	248	**-**	-	**20,735**	29,662	**20,940**	29,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OR THE YEAR ENDED 30 JUNE 2017

31. *Earnings per Share*

The following reflects the income and share data used in the calculation of basic and diluted earnings / (loss) per share:

	CONSOLIDATED 2017 $	2016 $
Net Profit / (Loss) for the year	**697,053**	(754,748)
Profit / (loss) from discontinued operations	-	202,959
Profit / (Loss) for the year attributable to members of the parent entity	**697,053**	(551,789)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**2,232,569,989**	2,232,569,989

	Cents per share	
From continuing and discontinued operations		
Basic earnings per share	0.031	(0.025)
Diluted earnings per share	0.031	(0.025)
From continuing operations		
Basic earnings per share	0.031	(0.034)
Diluted earnings per share	0.031	(0.034)
From discontinued operations		
Basic earnings per share	-	0.009
Diluted earnings per share	-	0.009

32. *Subsequent Events*

To discharge creditor balances subsequent to balance date Byte Power Group Ltd entered into Discharge of Debt Agreements with a number of creditors to discharge the debts owing by Byte Power Group Ltd and its subsidiaries to these creditors through the issue of soar coins. The total amount of creditor balances reflected in these signed agreements to be discharged is $1,214,916 with $1,137,627 of this balance discharged post 30th June 2017. The total number of soar coins that have been issued to discharge these debts is 43,844,473. As at 30th June 2017, of the total creditor balances to be discharged through the issue of soar coins, an amount of $77,289 of discharge debt is reflected in the accounts. The issue of soar coins to the other creditors who have entered into the Discharge of Debt agreements has now been completed.

No other matter or circumstance has risen since 30th June 2017 that has significantly affected the consolidated entity's operations in future financial years, or the results of those operations in future financial years or the consolidated entity's state of affairs in future financial years.

33. Financial Instruments

(a) Credit Risk Exposures

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

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

(b) Interest Rate Risk

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

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

	Non-bearing Interest $	Floating interest rate $	Fixed Interest rate maturing in 1 year or less $	Fixed interest rate maturing in 1 to 5 years $	Total $
2017					
Financial assets					
Cash and cash equivalents	19,221	-	-	-	19,221
Receivables	4,531,036	-	-	-	4,531,036
	4,550,257	-	-	-	4,560,257
Weighted average interest rate %		-	-	-	
Financial liabilities					
Trade and other creditors	4,056,448	-	-	-	4,056,448
Converting loans	-	-	-	321,459	321,459
Loans from director related entity	-	2,397,137	-	-	2,397,137
Other loans	-	-	-	-	-
	4,056,448	2,397,137	-	321,459	6,775,044
Weighted average interest rate %		11.6%		10.0%	

33. Financial Instruments (continued)

2016					
Financial assets					
Cash and cash equivalents	11,790	-	-	-	11,790
Receivables	2,587,369	-	-	-	2,587,369
	2,599,159	-	-	-	2,599,159
Weighted average interest rate %			-	-	-
Financial liabilities					
Trade and other creditors	3,656,054	-	-	-	3,656,054
Converting loans	-	-	337,996	253,784	591,780
Loans from director related entity	-	1,844,577	-	-	1,844,577
Other loans	-	-	-	-	-
	3,656,054	1,844,577	337,996	253,784	6,092,411
Weighted average interest rate %		11.6%		10.0%	

(c) Sensitivity analysis

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

	CONSOLIDATED	
	2017	2016
	$	$
+100 bps in interest rate – increase / (decrease) in reported profit	**(23,929)**	(18,445)
-100 bps in interest rate – increase / (decrease) in reported profit	**23,929**	18,445

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

34. Company Details

Registered office address	Unit 13/76 Doggett Street Newstead QLD 4006 Australia
Principal place of business	Byte Power Group Limited Byte Power Pty Ltd Power Tech Systems Pty Ltd Wine Power Pty Ltd Treasure Hive Honey Pty Ltd Unit 13/76 Doggett Street Newstead QLD 4006 Australia
	Byte Power (Hong Kong) Ltd Room 2402, 24th Floor, Wing On House No. 71 Des Voeux Road Central Central, Hong Kong
	Byte Power Pte Ltd Wine Power Pte Ltd 149 Rochor Road #05-01 Fu Lu Shou Complex Singapore 188425

BYTE POWER GROUP LIMITED
And its controlled entities
DIRECTORS' DECLARATION

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

1. the financial statements and notes, as set out on pages 28 to 60, are in accordance with the Corporations Act 2001 and:
    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the consolidated group;

2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer (or equivalent).

Alvin Phua
Executive Chairman & CEO

Brisbane, 29 September 2017

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

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Byte Power Group Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

Emphasis of Matter – Liquidity of Cryptocurrency

At 30 June 2017, excluding the balance of current intangible assets - cryptocurrency held, the consolidated entity would have recorded a net current asset deficiency of $1,693,706 (2016: $5,604,357). This, along with other matters as set forth in Note 1(a) indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Independence

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

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Key Audit Matters

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

1. Valuation of intangible assets - cryptocurrency

Why significant

As at 30 June 2017 the carrying value of current intangible assets – cryptocurrency was $21,409,561 (2016: nil). This represents 82.1% of total assets of the consolidated entity.

In addition, a Cryptocurrency Revaluation Reserve of $6,279,974 has been recognised and disclosed in note 23 of the financial report relating to the fair value movements during the period.

The consolidated entity's accounting policy in respect of intangible assets is outlined in Note 1(t).

As outlined in Note 10, cryptocurrency held by the consolidated entity is subject to significant fluctuations in value due to volatility in the cryptocurrency market, further amplified by exchange rate fluctuations.

There is also limited definitive guidance in existing international financial reporting standards ('IFRS') regarding accounting and disclosure of cryptocurrency assets.

How our audit addressed the key audit matter

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

- Agreeing balances of cryptocurrency held to digital wallets and livecoin holdings;
- Testing on a sample basis, transactions between digital wallets and forms of cryptocurrency held by the consolidated entity;
- Agreeing year end valuation inputs to external market data;
- Performing sensitivity analysis in relation to changes in market value and foreign exchange rates.

Additionally, as part of our procedures:-

- We assessed the appropriateness of the disclosures including those relating to sensitivities in the assumptions used, included in Note 10; and
- Sought external technical assistance to confirm managements' accounting treatment of cryptocurrency is consistent with available guidance and existing IFRS's.

2. Valuation of trade receivables

Why significant	How our audit addressed the key audit matter
As at 30 June 2017 the consolidated entity had recorded trade and other receivables of $4,531,036 (2016: $2,587,369) including a provision for impairment of $794,346 (2016: $140,000). The receivables are denominated in both Australian dollars (AUD) and Chinese Ren Min Bi (RMB).This represents 17.4% of total assets of the consolidated entity. As outlined in Note 8, $4,195,307 (2016: $2,307,021) of trade receivables were over 90 days overdue and not considered impaired, indicating a significant portion of aged trade debtors have not been provided for at balance date The consolidated entity's accounting policy in respect of receivables is outlined in Note 1(g) with critical accounting estimates and judgements in relation to impairment of receivables outlined in Note 1(w)(ii).	Our work included, but was not limited to, the following procedures: • Testing the mathematical accuracy of receivables balances converted to AUD. • Requesting confirmations on a sample basis directly from customers confirming balances owing to the consolidated entity at 30 June 2017, with follow ups on non-responders; • On a sample basis, vouched subsequent receipts of trade receivables to bank statements; • Assessing and challenging key estimates and judgements used by the consolidated entity in determining the recorded provision for impairment. • Assessed the appropriateness of disclosures in relation to receivables and provision for impairment. We considered the adequacy of the consolidated entity's receivables accounting policy and assessed compliance with the policies in terms of applicable Australian Accounting Standards.

3. Recognition and measurement of non-controlling interests

Why significant	How our audit addressed the key audit matter
As outlined in Note 28(iii), the consolidated entity issued 49% of its holdings in Byte Power Pty Ltd to a non-controlling interest for consideration of USD $5,000,000. The consideration received was a combination of cash and cryptocurrency. Non-controlling interest are required to be accounted for and disclosed in accordance with the requirements of AASB 10: *Consolidated Financial Statements*. The consolidated entity's accounting policy in respect of principals of consolidation including non-controlling interests is outlined in Note 1(b).	Our work included, but was not limited to, the following procedures: • Summarising and comparing amounts recorded in the financial statements against amounts noted in the share subscription agreement; • Testing of consideration received including fair value measurement of cryptocurrency and foreign exchange conversion. • Verifying updated ownership of Byte Power Pty Ltd through obtaining company extracts from the Australian Securities and Investment Commission. • Assessed the adequacy of the accounting policy for consolidation including accounting for non-controlling interests in accordance with the requirements of AASB 10.

Other Information

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

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

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

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

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

Directors' Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

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

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

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

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

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

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Byte Power Group Limited for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF Hacketts

PKF HACKETTS AUDIT

SHAUN LINDEMANN
PARTNER

29 SEPTEMBER 2017
BRISBANE

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 8 September 2017.

A. Distribution of equity securities

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

Range	Ordinary Shares
1 – 1,000	223
1,001 – 5,000	188
5,001 – 10,000	91
10,001 – 100,000	163
100,001 and over	269
	934

There were 754 holders of less than a marketable parcel of 500,000 ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
Name	Number Held	Percentage of issued shares
Mr William Wai Yi Cheng	288,839,983	12.94
Ms Ethel Lau + Mr William Cheng <Lau Superannuation Fund A/C>	200,000,000	8.96
Li Baorong	175,630,567	7.87
Mr Wenhao Du	164,666,667	7.38
Mr Chris Carr + Mrs Betsy Carr	150,000,000	6.72
Mr Yaoqing Chen	133,775,649	5.99
Pershing Australia Nominees <Phillip Securities (HK) A/C>	107,183,654	4.80
Mr Kenneth King	95,000,000	4.26
Mr Zhou Zhang	92,364,335	4.14
Mr Boon Kheng Ong	53,540,000	2.40
Citicorp Nominees Pty Limited	42,325,063	1.90
Tech Pacific Australia Pty Limited	38,220,860	1.71
Mr Tze-Fai Yuen	23,959,021	1.07
APEL Pacific Group Pty Ltd <The APEL Family A/C>	22,727,273	1.02
Mr Yaoqing Chen	20,050,000	0.90
RBO Pty Ltd	20,000,000	0.90
Mr Christopher Lindsay Bollam	17,980,812	0.81
BNP Paribas Noms Pty Ltd <DRP>	17,737,702	0.79
HSBC Custody Nominees (Australia) Limited	14,438,790	0.65
Mr Yano Lim + Mrs Susanty Lim <The Lim Super Fund A/C>	13,625,000	0.61
	1,692,065,376	75.79

Unquoted equity securities

There are no unquoted equity securities.

C. Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
Name	**Number Held**	**Percentage of issued shares**
Mr William Wai Yi Cheng	288,839,983	12.92
Ms Ethel Lau + Mr William Cheng <Lau Superannuation Fund A/C>	200,000,000	8.95
Li Baorong	175,630,567	7.86

D. Voting rights

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

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

CORPORATE DIRECTORY

Directors

Alvin Phua (Executive Chairman, Chief Executive Officer)
Raphael Tham
Yano Lim

Company Secretary

Yano Lim

Registered Office

Unit 13, 76 Doggett Street
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Australia

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Solicitors

HWL Ebsworth Lawyers
480 Queen Street
BRISBANE QLD 4000

Auditors

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

Share Registry

Link Market Services Limited
ANZ Building
Level 19, 324 Queen Street
BRISBANE QLD 4000

Telephone:	+61 7 3320 2232
Facsimile:	+61 7 3228 4999

Bankers

Commonwealth Bank of Australia
240 Queen Street
BRISBANE QLD 4000

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