BYTE POWER
Group Limited

ANNUAL REPORT

30 June 2015

ABN: 80 009 268 571

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CHAIRMAN'S REPORT

Byte Power Group Limited ('the Company') and its controlled entities ('the Group') is pleased to experience another positive year for the period ended 30 June 2015.

The success of the Asian Business Division has contributed greatly to the positive results seen over the recent years. This business division mainly focuses on the distribution of prestigious wines which include its premium label, 8 Eagles range from the Barossa, South Australia which has been carefully selected along with other prestigious labels, including Penfolds, Wolf Blass, Wynns Coonawarra Estate, Rosemount Estate, Lindeman's and Saltram.

In 2014, the Company focused on building up the awareness and reputation of 8 Eagles range of wines. We entered 8 Eagles in various wine competitions and received positive results which was a true testament to the quality of wines which Wine Power has been promoting. The results saw the 8 Eagles Platinum Label 2010 Shiraz awarded a Bronze medal in the category of Shiraz 2011 to 2009 in the Royal Melbourne Wine Awards 2014. Additionally, the 8 Eagles Red Label 2009 Shiraz was a finalist at the Sydney International Wine Competition for 2015 which meant it was rated amongst the top 20% of total entries judged with food.

For the year ended 30 June 2015, consolidated revenues from ordinary activities increased by 12% when compared to the previous financial year. The Asian Business Division experienced a 26% growth in revenue for the year ended 30 June 2015 compared to the previous year.

The Company plans to continue its focus on growing the Asian Business Division by continuing to strengthen its existing channels as well as branching into new markets. It is also expanding the range of price points to include the value wine segment, a market that the Group currently does not engage with. The Group continues to explore various export opportunities into Asia in order to further develop this division.

With respect to the Company's IT&T and Power Management businesses, it continues to explore new opportunities for these two divisions. Revenues and results for the two divisions has dropped for the period ended 30 June 2015 compared to the previous year.

Outlook

We continue to develop the 8 Eagles range of wines and further strengthen our distribution channels. The Company continues to strengthen its sales and marketing team to support its ongoing developments in new and existing markets. This will strengthen the Asian Business Division and provide the necessary foundation for its growth. Meanwhile, the IT&T and the Power Management Divisions are expected to maintain, keeping mindful of potential opportunities.

In all, the Board is optimistic that the Group will continue to maintain momentum, building on this year's positive results.

Alvin Phua
Executive Chairman & CEO

REVIEW OF OPERATIONS

Company Background and Overview

Byte Power Group Limited, a technology solutions group, provides IT&T solutions to leading organisations in the SME, corporate and government sectors throughout Australia.

The Group has since evolved into a diversified trading business group with interests in wine distribution in Australian and into the Asia Pacific region. As such, the Company has re-classified its GICS code from Information Technology, Software & Services to Consumer Discretionary, Retailing in order to reflect its existing business focus.

The Byte Power Group includes a number of related subsidiaries overseas as well as in Australia which includes Byte Power Pty Ltd, Power Tech Systems Pty Ltd, Wine Power Pty Ltd, Byte Power (HK) Limited, Byte Power (Chongqing) Information Technology Ltd, Byte Power Pte Ltd and Wine Power Pte Ltd.

Byte Power Pty Ltd – 'Byte Power' was established in Queensland in 1989 and provides IT products and services to SME's as well as corporate and government clients.

Power Tech Systems Pty Ltd – 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 line-interactive technology for users who require battery back up during a power outage along with nominal filtering of the incoming supply and extends through to the online double conversion units offering fully scalable solutions that can operate in N+1 configuration. These units provide redundancy and no downtime during regular maintenance and emergency breakdowns.

Wine Power Pty Ltd – 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 also distributes prestigious labels such as Penfolds, Wolf Blass, Wynns Coonawarra Estate, Rosemount Estate, Lindeman's and Saltram in Australia.

Byte Power (HK) Limited – Based in Hong Kong this subsidiary provides local presence and support within the regional market. Byte Power (HK) through the Group's Asian Business Division focuses on distributing premium Australian wines into Asia Pacific.

Byte Power Pte Ltd – 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.

Wine Power Pte Ltd – This entity was established in August 2013 to distribute wines within Singapore, Myanmar and South-East Asia. The Company distributes prestigious labels such as 8 Eagles, Penfolds, Wolf Blass, Wynns Coonawarra Estate, Rosemount Estate, Lindeman's and Saltram to name a few.

REVIEW OF OPERATIONS (continued)

Byte Power Group combines its core competencies into a strong trading focused organisation with offices in Australia, Singapore, Hong Kong and China. Its key strengths lie in its extensive network of corporate relationships and international business experience in Asia and Australia, which have been developed and established over a span of 26 years. The Group positions itself to utilise these networks and in sourcing growth into new markets and opportunities globally.

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.

Operations Review

The Asian Business Division continues to maintain its growth within the Group with the Asian Business Division contributing to 83% of the total revenues from ordinary activities during the 2014-15 financial year.

Wine Power continues to develop its growth strategy by introducing new brands into new markets. The Group maintains its wine strategy which focuses on broadening the scope of price points in its current 8 Eagles range to tap into a wider market, creating opportunities for increased volumes and appealing to a wider market. By introducing a value wine segment, opportunities can be created for increased volumes and attracting new consumers to the 8 Eagles brand.

Wine Power will widen the scope of regions where it sources its wines. Key Australian wine regions of Coonawarra famous for its Cabernet Sauvignon and Margaret River Chardonnay will be sourced along with plans to range Pinot Noir & Sauvignon Blanc varietals out of key New Zealand regions of Marlborough & Central Otago.

The introduction of a range in the value/commercial wine segment will allow the Group to not only penetrate the domestic market, but to also build on opportunities both locally and globally with key retailers. Increased presence locally in the retail environment is planned to support the launch of the additional 8 Eagles range across a number of price segments. Wine Power will have the capacity to execute its planned wine strategy in a number of channels that include On & Off premise, Hybrid outlets and Direct-To-Consumer (DTC).

As Wine Power's presence in the local retail and global markets grow, the number of brands within our portfolio will also increase accordingly. Plans are in place to add a renowned French Champagne house, a Bordeaux brand of reds and a stable of wines from the Napa Valley in the US to the Wine Power banner. Wine Power will further strengthen its portfolio to include a range of global brands, resulting in a wider wine offering.

The Group continues to explore opportunities into Asia in order to further develop the Asian Business Division. Development of the Company's profile and management team will be a key component in driving the success and development of the Asia business.

Further development of the wine distribution business within the Asian Business Division will continue to be the Group’s main focus, whilst simultaneously maintaining the IT&T businesses. As a Group, the Company will continue to leverage existing relationships and further develop new relationships for the businesses’ immediate and longer term future.

DIRECTORS' REPORT

Your directors submit their report on Byte Power Group Limited ("the company") and the Group ("the Group") consisting of Byte Power Group Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

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 a number of companies in Asia. His skills and experience include starting new businesses, overseas expansion, and mergers and acquisitions.	Non Executive Director Chairman of Audit Committee	12,479,844 ordinary shares, Nil options
Mr. Howard Shi	Howard is currently a director/partner in Z5 Venture Capital Pty Ltd. He has over 15 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 is the Executive Director of USP Group Ltd (previously Unionmet Singapore Ltd), a company listed on the mainboard of the Singapore Exchange. He also holds a director position in Auhua Clean Energy Plc (Code: ACE.L), a company listed in the London Stock Exchange AIM.

DIRECTORS' REPORT (continued)

Company Secretary

Company Secretary	Qualifications and experience	Special responsibilities	Interest in shares and options
Ms. Ethel Lau	Ethel is a founding partner of the Byte Power business in 1989 and brings an extensive background in business both in Australia and Overseas. Ethel managed the operational and financial aspects of Byte Power Pty Ltd prior to the acquisition and has since filled the role of COO. Ethel's depth of knowledge and experience in managing and running an organisation is beneficial to the Group's operations. Her ability to manage a wide range of projects and deep understanding of business practices has enabled the Group to develop a number of opportunities both in and outside of Australia.	Company Secretary COO	488,839,983 ordinary shares, Nil options
Ms. Anna Cheng (appointed 7 November 2014)	Anna has over 10 years finance experience and is a CPA with a Bachelor of Business, Majoring in Accountancy and Professional Accounting Extended Major. Anna holds the position of Company Accountant for Byte Power Group Ltd.	Company Secretary Company Accountant	Nil shares Nil options

Earnings per Share

Earnings (loss) per share (cents)	2015	2014
Basic earnings (loss) per share	0.014	0.002
Diluted earnings (loss) per share	0.014	0.002

Dividends

No dividends were recommended or paid during the year (2014: Nil).

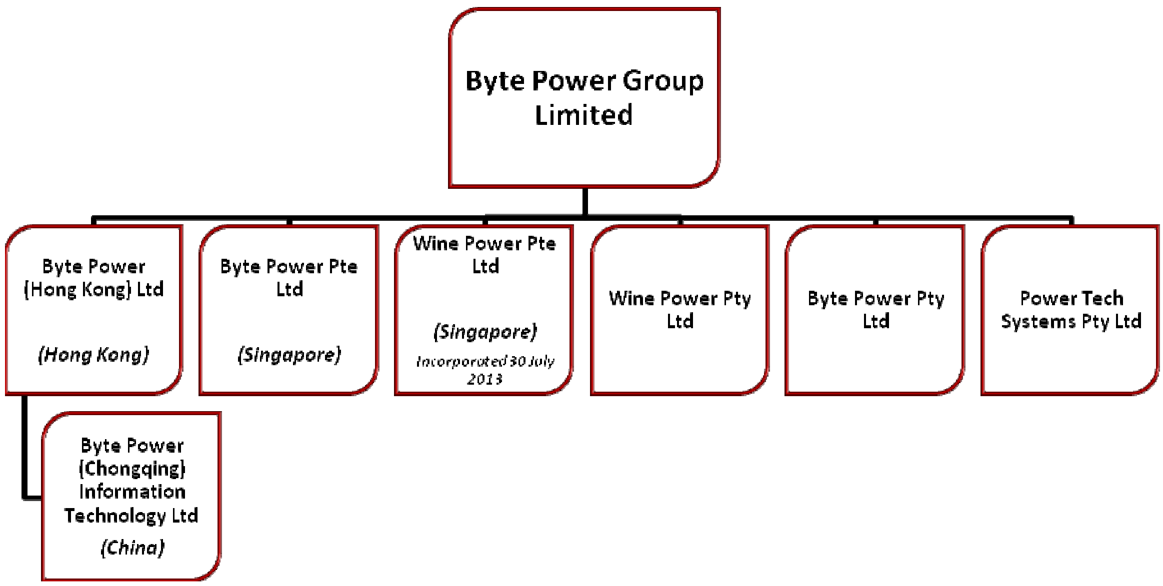
DIRECTORS' REPORT (continued)

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
Power Tech Systems Pty Ltd
Wine Power Pty Ltd
Byte Power (Hong Kong) Limited (83.4% ownership)
Byte Power (Chongqing) Information Technology Ltd (83.4% ownership)
Byte Power Pte Ltd
Wine Power Pte Ltd

Byte Power Group Limited – Corporate Structure
as at 30 September 2015



Nature of Operations and Principal Activities

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

- Distribution of wines
- Service and sale of IT&T equipment;
- Service and sales of UPS equipment nationally; and
- Provision of IT consultancy and services;

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

REVIEW AND RESULTS OF OPERATIONS

Summary

Revenues from ordinary activities in the financial year ended 30 June 2015 were $4.848 million compared to $4.320 million in the financial year ended 30 June 2014, representing an increase of 12%.

The net profit for the year was $307,803 compared to a net profit of $40,143 over the same period last year. The EBITDA for the year was $0.864 million compared to $0.590 million the previous year.

Comments on the Group's operations and results

Detailed results are as follows:

	2014 $	2014 $	% change
Revenue from ordinary activities	4,848,380	4,320,047	12%
EBITDA	863,371	589,919	46%
Impairment	-	-	-
Depreciation/Amortisation	(9,946)	(1,821)	446%
EBIT	853,425	588,096	45%
Financial costs	(545,622)	(547,954)	(0.4%)
Operating profit / (loss) before income tax	307,803	40,143	667%
Income tax expense	-	-	
Net profit / (loss)	307,803	40,143	667%

Business Unit results are set out below:

	Revenues		Results	
	2015 $	2014 $	2015 $	2014 $
Segment:				
Power Management	50,117	79,037	(55,506)	11,270
IT&T	854,557	974,400	51,516	(114,868)
Asian Business Division	4,024,681	3,203,228	1,307,158	1,156,048
Other	(80,976)	63,382	(995,365)	(1,012,308)
	4,848,380	4,320,047	307,803	40,143
Income tax expense			-	-
Profit / (Loss) for the year			307,803	40,143

Significant Changes in the State of Affairs

There have been no significant changes in the operating activities of the Group during the year.

Significant Events after Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs for the Group in future financial years.

Likely Developments and Expected Results

The Board maintains a positive outlook for the new financial year. The Group will continue to develop overseas markets under the Asian Business Division as well as growing its domestic wine distribution businesses across new brands and new markets.

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

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 2015.

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

In consultation with external remuneration consultants, 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 directors 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 (Audited)

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:

Equity instruments of Directors

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

	Ordinary shares Fully Paid		**Options over ordinary shares**	
	2015 Number	2014 Number	**2015 Number**	2014 Number
Alvin Phua*	**34,477,395**	34,477,395	-	-
Raphael Tham	**12,479,844**	12,479,844	-	-
Ethel Lau**	**488,839,983**	488,839,983	-	-
	535,797,222	535,797,222	-	-

* Held by Alvin Phua and APEL Pacific Group Pty Ltd as trustee for the Phua Super Fund and as trustee for the APEL Family Trust in which Alvin Phua has a controlling interest.
** Held by Ethel Lau Superannuation Fund.

Details of Remuneration of Key Management Personnel (Audited) (continued)

Directors of Byte Power Group Limited

2015	**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	-	-	3,325	-	-	-	38,325	-
Raphael Tham	25,000	-	-	-	-	-	-	25,000	-
Howard Shi	25,000	-	-	2,375	-	-	-	27,375	-
	85,000	**-**	**-**	**5,700**	**-**	**-**	**-**	**90,700**	-

2014	**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	-	-	3,150	-	-	-	38,150	-
Raphael Tham	25,000	-	-	-	-	-	-	25,000	-
Howard Shi	25,000	-	-	2,312	-	-	-	27,312	-
Marc Higgins *(Director from 9 Dec 2013 - 28 May 2014)*	11,761	-	-	1,088	-	-	-	12,849	-
	96,761	**-**	**-**	**6,550**	**-**	**-**	**-**	**103,311**	-

Details of Remuneration of Key Management Personnel (Audited) (continued)

Executives of Byte Power Group Limited

2015	**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)	187,211	-	-	17,785	-	-	-	204,996	-
Ethel Lau	137,615	-	-	13,073	-	-	-	150,688	-
Anna Cheng (appointed 7 November 2014)	45,796	-	-	4,351	-	-	-	50,147	-
	370,622	**-**	**-**	**35,209**	**-**	**-**	**-**	**405,831**	**-**

2014	**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)	169,694	-	-	15,697	-	-	-	185,391	-
Ethel Lau	137,615	-	-	12,729	-	-	-	150,344	-
	307,309	**-**	**-**	**28,426**	**-**	-	**-**	**335,735**	**-**

* 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.

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 2015 and the numbers of meetings attended by each director were:

	Directors' meeting		Audit committee		Remuneration committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Alvin Phua	9	9	2	2	-	-
Raphael Tham	9	9	2	2	-	-
Howard Shi	9	9	2	2	-	-

Committee Membership

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

Audit Committee

Raphael Tham (Chairman)
Howard Shi

Remuneration Committee

Howard Shi (Chairman)
Alvin Phua

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 14.

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 15 to 22 of the annual report.

Signed in accordance with a resolution of the directors.

Alvin Phua
Executive Chairman & CEO

Brisbane, 30 September 2015

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Byte Power Group Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 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

Liam Murphy
Partner

Brisbane, 30 September 2015

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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 2015 ("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 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 Howard Shi are both 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.	

	Corporate Governance Council Recommendation	Statement Commentary	Explanation of Departure with ASX Recommendation
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	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.	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 but only has two members. The members of the audit committee were, at the date of the Annual Report, Mr Raphael Tham (non-executive director), Chairman and Mr Howard Shi (non-executive director).	The audit committee consists of two members. Given the size and scope of the Company's operations, its business interests and the ongoing involvement of the non-executive directors, the Board felt that the size of the audit committee was appropriate.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The CEO and CFO 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 CFO 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 CFO 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 section286 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.	

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 but only has two members. The members of the Audit Committee were, at the date of the Annual Report, Mr Howard Shi (non-executive director), Chairman and Mr Raphael Tham (non-executive director).	Given the size and scope of the Company's operations, its business interests and the ongoing involvement of the non-executive directors, it is not considered necessary that the Audit committee consist of more than two members.
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 2015

	Note	CONSOLIDATED 30 JUNE 2015 $	30 JUNE 2014 $
Revenues from continuing activities	2	**4,848,380**	4,320,047
Changes in inventories of finished goods and work in progress		**(137,713)**	233,046
Cost of sales		**(2,384,911)**	(2,859,712)
Depreciation and amortisation expenses	3	**(9,946)**	(1,822)
Finance cost expenses	3	**(545,622)**	(547,954)
Salaries and employee benefits expenses		**(856,176)**	(562,490)
Directors' fees		**(90,700)**	(103,385)
Rent and outgoings		**(70,857)**	(76,007)
Travel, accommodation and entertainment		**(232,311)**	(136,462)
Consultants / Professional fees		**(101,312)**	(101,325)
Other expenses from ordinary activities		**(111,029)**	(123,794)
Profit / (loss) before related income tax		**307,803**	40,143
Income tax expense / (benefit)	4	**-**	-
Net profit / (loss) for the year		**307,803**	40,143
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(82,552)**	(24,848)
Income tax relating to components of other comprehensive income		**-**	-
Total other comprehensive income for the period, net of tax		**(82,552)**	(24,848)
Total comprehensive income attributable to members of the parent entity		**225,251**	15,295
Earnings per share:		**Cents per share**	
Basic earnings per share	28	**0.014**	0.002
Diluted earnings per share	28	**0.014**	0.002

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

		CONSOLIDATED	
	Note	**30 JUNE 2015 $**	30 JUNE 2014 $
CURRENT ASSETS			
Cash and cash equivalents	6	**3,680**	66,921
Receivables	7	**3,399,118**	1,986,995
Inventories	8	**270,666**	408,379
Other		**9,324**	9,324
TOTAL CURRENT ASSETS		**3,682,788**	2,471,619
NON-CURRENT ASSETS			
Plant and equipment	9	**147,524**	7,868
Other	10	**56,709**	56,631
TOTAL NON-CURRENT ASSETS		**204,233**	64,499
TOTAL ASSETS		**3,887,021**	2,536,118
CURRENT LIABILITIES			
Payables	11	**2,004,553**	1,530,380
Related Party Payables	12	**1,052,738**	-
Provisions	15	**256,269**	300,887
Borrowings	13	**19,381**	-
TOTAL CURRENT LIABILITIES		**3,332,941**	1,831,267
NON-CURRENT LIABILITIES			
Convertible loans	14	**559,538**	525,694
Related party payables	17	**1,549,259**	2,321,085
Interest bearing liabilities (related parties)	16	**3,284,117**	3,053,972
Long term liabilities	18	**85,670**	82,312
Borrowings	13	**128,457**	-
TOTAL NON-CURRENT LIABILITIES		**5,607,041**	5,983,063
TOTAL LIABILITIES		**8,939,982**	7,814,330
NET LIABILITIES		**(5,052,961)**	(5,278,212)
EQUITY			
Contributed equity	19	**53,109,922**	53,109,922
Reserves	20	**(71,424)**	11,128
Accumulated losses		**(58,091,459)**	(58,399,262)
TOTAL EQUITY		**(5,052,961)**	(5,278,212)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Contributed equity $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2013	51,610,922	35,976	(58,439,405)	(6,792,507)
Profit for the period	-	-	40,143	40,143
Total other comprehensive income	-	(24,848)	-	(24,848)
Total comprehensive income	-	(24,848)	40,143	15,295
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the period	1,499,000	-	-	1,499,000
Share issue costs	-	-	-	-
Contribution by members	1,499,000	-	-	1,499,000
Sub-total	53,109,922	11,128	(58,399,262)	(5,278,212)
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2014	**53,109,922**	**11,128**	**(58,399,262)**	**(5,278,212)**
Balance at 1 July 2014	53,109,922	11,128	(58,399,262)	(5,278,212)
Profit for the period	-	-	307,803	307,803
Total other comprehensive income	-	(82,552)	-	(82,552)
Total comprehensive income	-	(82,552)	307,803	225,251
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	(71,424)	(58,091,459)	(5,052,961)
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2015	**53,109,922**	**(71,424)**	**(58,091,459)**	**(5,052,961)**

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	CONSOLIDATED 2015 $	2014 $
		Inflows / (Outflows)	
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		**3,780,579**	3,668,457
Payments to suppliers and employees		**(3,892,703)**	(4,768,520)
Interest received		**15**	19
Interest and other costs of finance paid		**(99,605)**	(440,256)
Net cash provided by / (used in) operating activities	21	**(211,714)**	(1,540,300)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		**-**	(1,250)
Proceeds from sale of property plant & equipment		**-**	-
Net cash provided by / (used in) investing activities		**-**	(1,250)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issues of share capital		**-**	1,499,000
Proceeds from borrowings		**433,341**	-
Repayment of borrowings		**(199,904)**	-
Payment for lease liabilities		**(2,412)**	-
Net cash provided by / (used in) financing activities		**231,025**	1,499,000
Net increase / (decrease) in cash held		**19,311**	(42,550)
Effects of functional currency exchange rate change		**(82,552)**	(24,848)
Cash at beginning of year		**66,921**	134,319
Cash at end of year	6	**3,680**	66,921

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.

Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Other than consideration of the going concern basis of preparation of the financial statements, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

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 Group has made a profit from continuing operations after tax of $307,803 (2014: $40,143) for the financial year ended 30 June 2015. The Group was also in a net current asset position of $349,847 (2014: net current asset position $640,352) as at 30 June 2015. There are however significant non-current liabilities. As at 30 June 2015, the Group recorded a net liability balance of $5,052,961 (2014: $5,278,212).

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

- The continued support of major creditors and 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 cash flow requirements; and
- The generation of future profits by the underlying businesses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

(a) Basis of Accounting (continued)

It is on the basis of the Group's ability to secure the above arrangements, facilities and the generation of future profits, that the Directors have prepared the financial report on a going concern basis. In the event that the above arrangements and facilities are not entered into, there is significant uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The final report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(b) Principles of Consolidation

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

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

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

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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.

1. Summary of Significant Accounting Policies (continued)

(b) Principles of Consolidation (continued)

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 25 to the financial statements.

(c) Income Tax

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

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

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

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

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

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

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

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

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 2015

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) Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 1 to 2 years.

1. Summary of Significant Accounting Policies (continued)

(m) 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.

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.

(n) 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.

(o) 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.

(p) 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.

1. Summary of Significant Accounting Policies (continued)

(q) 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.

(r) 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.

(s) 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.

(t) 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.

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

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

(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 2014. 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.

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 2017	30 June 2019

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. *Revenue*

	CONSOLIDATED 2015 $	2014 $
Revenues from operating activities		
Revenue from sale of goods	**4,499,039**	4,165,253
Revenue from services	**25,132**	52,471
	4,524,171	4,217,724
Revenues from non-operating activities		
Other revenue	**324,194**	102,304
Interest income from non-related parties	**15**	19
	324,208	102,323
Total revenues from continuing activities	**4,848,380**	4,320,047

3. *Expenses*

	2015 $	2014 $
Depreciation of non-current assets		
- Plant and equipment	**80**	254
- Furniture and fittings	**1,607**	1,319
- Plant and equipment under lease	**8,259**	248
Total depreciation expenses	**9,946**	1,821
Finance costs		
- Interest expense – finance leases	**2,592**	268
- Interest expense – director related entity	**359,644**	350,130
- Other borrowing costs	**183,386**	197,556
Total finance costs	**545,622**	547,954
Net foreign currency (gain) / losses	**(167,971)**	(5,386)
Operating lease rental	**57,749**	57,376
Superannuation contributions	**77,976**	51,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	CONSOLIDATED	
	2015	2014
	$	$

4. *Income Tax Expense*

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

	2015 $	2014 $
Profit / (loss) for the year	**307,803**	40,143
Prima facie tax on profit / (loss) from continuing operations at 30% (2014: 30%)	**92,341**	12,043
Tax effect of profit / losses of current period not brought to account	**(92,341)**	(12,043)
Income tax expense / (benefit)	**-**	-
Deferred tax assets arising from tax losses not brought to account at balance date as realisation of the benefit is not regarded as probable is approximately	**7,205,214**	7,297,555

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.

5. *Parent entity financial information*

	PARENT ENTITY	
	2015 $	2014 $
Current assets	**-**	52,680
Total assets	**155,763**	381,733
Current liabilities	**2,195,928**	681,837
Total liabilities	**15,228,953**	14,500,333
Contributed equity	**53,109,922**	53,109,922
Reserves	**-**	-
Accumulated losses	**(68,183,112)**	(67,228,521)
	(15,073,190)	(14,118,600)
Net loss	**(954,591)**	(1,188,070)
Total comprehensive income	**(954,591)**	(1,188,070)

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 2015 or 30 June 2014.

Commitments
The Parent entity had no contractual commitments as at 30 June 2015 or 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	CONSOLIDATED 2015 $	2014 $

6. Current Assets - Cash and Cash Equivalents

	2015 $	2014 $
Cash at bank	**3,680**	66,921

7. Current Assets - Receivables

	2015 $	2014 $
Trade debtors	**3,399,118**	1,986,995

8. Current Assets - Inventories

	2015 $	2014 $
Finished goods – net realisable value	**270,666**	408,379

9. Non-Current Assets - Plant and Equipment

	2015 $	2014 $
Plant and equipment:		
At cost	**552,550**	887,305
Less: Accumulated depreciation	**(552,375)**	(886,401)
	175	904
Office furniture and equipment:		
At cost	**110,221**	110,221
Less: Accumulated depreciation	**(105,857)**	(104,250)
	4,364	5,971
Leased assets:		
At cost	**186,751**	36,500
Less: Accumulated amortisation	**(43,766)**	(35,507)
	142,985	993
Total plant and equipment	**147,524**	7,868

9. Non-Current Assets - Plant and Equipment (continued)

	CONSOLIDATED 2015 $	2014 $
(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	**904**	1,158
Disposals	**(649)**	-
Depreciation expense	**(80)**	(254)
	175	904
Office furniture and equipment		
Carrying amount at beginning	**5,971**	6,041
Additions	**-**	1,250
Depreciation expense	**(1,607)**	(1,319)
	4,364	5,971
Leased assets		
Carrying amount at beginning	**993**	1,241
Additions	**150,251**	-
Amortisation expense	**(8,259)**	(248)
	142,985	993

10. Non-Current Assets - Other

	2015	2014
Security deposits	**9,770**	9,692
Deposits - overseas	**46,939**	46,939
	56,709	56,631

11. Current Liabilities - Payables

	2015	2014
Trade creditors	**764,530**	642,097
Other creditors	**1,240,023**	888,283
	2,004,553	1,530,380

12. Current Liabilities - Related Party Payables

	CONSOLIDATED	
	2015 **$**	2014 $
Unsecured		
Payable to Director related entity	**1,052,738**	-

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

13. Borrowings

(a) Current

Lease liability – secured	**19,381**	-

(b) Non-Current

Lease liability – secured	**128,457**	-

(c) Total

Lease liability – secured	**147,838**	-

14. Non-Current Liabilities – Convertible loans

Loans - Unsecured converting loans (Non-current liability)	**559,538**	525,694

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

15. Current Liabilities – Provisions

Employee benefits (Note 20)	**256,269**	300,887

16. Non-Current Liabilities - Interest Bearing Liabilities (related parties)

Unsecured		
Loan from director related entity	**3,284,117**	3,053,972

Further information relating to loans from related parties is set out in Note 24.

17. Non-Current Liabilities - Related Party Payables

Unsecured		
Payable to director related entity	**1,721,359**	2,321,085

Further information relating to loans from related parties is set out in Note 24.

18. Non-Current Liabilities - Long Term Liabilities

	CONSOLIDATED 2015 $	2014 $
Other payables	**85,670**	82,312

19. Contributed Equity

(a) Issued capital

	2015	2014
Ordinary shares fully paid	**53,109,922**	53,109,922

	Notes	2015 Number of Shares	2015 $	2014 Number of Shares	2014 $
(b) Movements in ordinary share capital:					
Beginning of the financial year		**2,232,569,989**	**53,109,922**	1,732,903,322	51,610,922
Share placement - October 2013	(i)	**-**	**-**	113,000,000	339,000
Share placement - April 2014	(ii)	**-**	**-**	186,666,667	560,000
Share placement - May 2014	(iii)	**-**	**-**	200,000,000	600,000
Less capital raising costs		**-**	**-**	-	-
		2,232,569,989	**53,109,922**	2,232,569,989	53,109,922

(i) Placement of 113,000,000 shares at 0.3 cents
(ii) Placement of 186,666,667 shares at 0.3 cents
(iii) Placement of 200,000,000 shares at 0.3 cents

(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 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19. *Contributed Equity (continued)*

(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 2015 totals $4,181,706 (2014: $3,661,977). 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.

20. *Reserves*

	CONSOLIDATED	
	2015	2014
	$	$
Foreign currency translation reserve	**(71,424)**	11,129

Foreign currency translation reserve

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

21. *Cash Flows Statement Information*

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

	2015 $	2014 $
Profit / (loss) from ordinary activities after income tax	**307,803**	40,143
Depreciation of non-current assets	**9,946**	1,821
(Profit) / loss on disposal of non-current assets	**-**	-
Accrued Interest	**446,017**	-
Change in assets and liabilities		
Decrease/(increase) in trade and other debtors	**(1,412,123)**	(985,069)
Decrease/(increase) in inventories	**137,713**	(233,046)
Decrease/(increase) in other assets	**78**	(9,324)
(Decrease)/increase in trade and other creditors	**343,626**	(372,533)
(Decrease)/increase in provisions	**(44,618)**	17,705
Net cash flow used in operating activities	**(211,714)**	(1,540,300)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

22. Employee Benefits

	CONSOLIDATED	
	2015	2014
	$	$
Employee Benefits		
The aggregate employee entitlement liability is comprised of:		
- Provision (current)	**256,269**	300,887

23. Remuneration of Auditors

Audit and review of financial reports	**40,000**	40,000

24. Commitments and Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2015.

25. Related Parties and Key Management Compensation

(i) Key Management Personnel

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

A Phua	Executive Chairman & CEO
R Tham	Non Executive Director
H Shi	Non Executive Director
E Lau	COO & Company Secretary
A Cheng	Company Accountant & Company Secretary (appointed 7 November 2014)

(ii) Key Management Personnel Compensation

Short term employee benefits	**455,622**	404,070
Post employment benefits	**40,909**	34,976
Share based payments	**-**	-
	496,531	439,046

25. Related Parties and Key Management Compensation (continued)

(iii) Equity instruments of Directors

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

	Ordinary shares Fully Paid		Options over ordinary shares	
	2015 Number	2014 Number	**2015 Number**	2014 Number
Alvin Phua*	**34,477,395**	34,477,395	-	-
Raphael Tham	**12,479,844**	12,479,844	-	-
Ethel Lau**	**488,839,983**	488,839,983	-	-
	535,797,222	535,797,222	-	-

* Held by Alvin Phua and APEL Pacific Group Pty Ltd as trustee for the Phua Super Fund and as trustee for the APEL Family Trust in which Alvin Phua has a controlling interest.
** Held by Ethel Lau Superannuation Fund.

(iv) Interests in Controlled Entities

Name of Entity	Country of incorporation	Class of Shares	Equity holdings	
			2015 %	2014 %
Byte Power Pty Ltd*	Australia	Ordinary	**100**	100
Power Tech Systems Pty Ltd*	Australia	Ordinary	**100**	100
Byte Power (Hong Kong) Ltd^ **	Hong Kong	Ordinary	**83.4**	83.4
Byte Power (Chongqing) Information Technology Ltd^ **	China	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

* 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 and do not have a requirement to prepare accounts or have them audited.

** 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% control of each company.

26. 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 represents amounts payable to director's related entities which have been reclassified from non-current liabilities to current liabilities as at 30 June 2015.

Non Current Interest Bearing Related Party Liabilities

Related parties Mr Alvin Phua 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 $359,644 (2014: $350,130). As at 30 June 2015, the outstanding loan balance was $1,919,014 (2014: $1,919,014) after repayments during the year of $0 (2014: $254,675). Interest outstanding as at 30 June 2015 totals $1,365,103 (2014: $1,134,958).

Non Current Related Party Payables

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

27. Segment Information

Identification of reportable segments

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

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

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

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

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

Other
All other operations of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

27. Segment Information (continued)

Disclosure of Major Customers

The Group's revenues from two customers accounted for $1,286,241 or 28% of total sales revenues in the twelve months ended 30 June 2015. These two customers accounted for 10% or more of total sales revenues. The revenue is predominantly generated by the Australian entities.

The following is an analysis of the revenue and results for the years ended 30 June 2015 and 30 June 2014, analysed by operational segment.

Segment

Operating segment	Power Management		IT&T		Asian Business Division		Other		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Revenue										
Sales to customers outside the consolidated entity	**50,311**	76,354	**859,784**	1,042,709	**3,614,075**	3,098,662	**-**	-	**4,524,171**	4,217,724
Other revenues from customers outside the consolidated entity	**(194)**	2,684	**(5,227)**	(68,309)	**410,606**	104,566	**(80,976)**	63,382	**324,208**	102,323
Total segment revenue	**50,117**	79,037	**854,557**	974,400	**4,024,681**	3,203,228	**(80,976)**	63,382	**4,848,379**	4,320,047
Results										
Segment result	**(55,506)**	11,270	**51,516**	(114,868)	**1,307,158**	1,156,048	**(995,365)**	(1,012,308)	**307,803**	40,143
Income tax expense									**-**	-
Net Profit / (loss)									**307,803**	40,143
Assets										
Segment assets	**408,850**	431,430	**4,083,387**	4,085,284	**6,533,546**	3,243,431	**9,846,039**	9,466,098	**20,871,822**	17,226,243
Eliminations	**(398,428)**	(353,858)	**(4,082,083)**	(4,082,082)	**(2,882,037)**	(920,472)	**(9,622,252)**	(9,333,713)	**(16,984,801)**	(14,690,125)
Total consolidated assets	**10,422**	77,572	**1,304**	3,202	**3,803,093**	2,322,959	**223,786**	132,385	**3,887,021**	2,536,118
Liabilities										
Segment liabilities	**506,110**	473,184	**7,844,398**	7,897,767	**4,343,379**	3,429,352	**25,767,692**	24,346,192	**38,461,579**	36,146,495
Eliminations	**(433,141)**	(455,789)	**(7,848,844)**	(7,710,167)	**(3,527,701)**	(2,963,748)	**(17,711,911)**	(17,202,461)	**(29,521,597)**	(28,332,165)
Total consolidated liabilities	**72,969**	17,395	**(4,446)**	187,600	**815,678**	465,604	**8,055,781**	7,143,731	**8,939,982**	7,814,330
Other segment information:										
Depreciation and amortisation	**38**	72	**204**	501	**-**	-	**9,703**	1,249	**9,946**	1,822

28. Earnings per Share

	CONSOLIDATED	
	2015	2014
	$	$
The following reflects the income and share data used in the calculation of basic and diluted earnings / (loss) per share:		
Profit from ordinary activities	**307,803**	40,143
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**2,232,569,989**	1,873,996,4 73
	Cents per share	
Basic earnings per share	**0.014**	0.002
Diluted earnings per share	**0.014**	0.002

29. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs for the Group in future financial years.

30. 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.

The Group is not materially exposed to any individual customer.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

30. Financial Instruments (continued)

	Non bearing Interest $	Floating interest rate $	Fixed Interest rate maturing in 1 year or less $	Fixed interest rate maturing in 1 to 5 years $	Total $
2015					
Financial assets					
Cash and cash equivalents	3,680	-	-	-	3,680
Receivables	3,399,118	-	-	-	3,399,118
	3,402,798	-	-	-	3,402,798
Weighted average interest rate %		-	-	-	
Financial liabilities					
Trade and other creditors	2,004,553	-	-	-	2,004,553
Converting loans	-	-	-	559,538	559,538
Loans from director related entity	-	3,284,117	-	-	3,284,117
Other loans	-	-	-	-	-
	2,004,553	3,284,117	-	559,538	5,848,208
Weighted average interest rate %		11.6%		10.0%	
2014					
Financial assets					
Cash and cash equivalents	66,921	-	-	-	66,921
Receivables	1,986,995	-	-	-	1,986,995
	2,053,916	-	-	-	2,053,916
Weighted average interest rate %		-	-	-	
Financial liabilities					
Trade and other creditors	1,530,380	-	-	-	1,530,380
Converting loans	-	-	-	525,693	525,693
Loans from director related entity	-	3,053,972	-	-	3,053,972
Other loans	-	-	-	-	-
	1,530,380	3,053,972	-	525,693	5,110,045
Weighted average interest rate %		11.6%		10.0%	

30. Financial Instruments (continued)

(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.

	2015	2014
	$	$
+100 bps in interest rate – increase / (decrease) in reported profit	**(32,841)**	(30,539)
-100 bps in interest rate – increase / (decrease) in reported profit	**32,841**	30,539

31. 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 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 23 to 50, 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 2015 and of the performance for the year ended on that date of the consolidated group;

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

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

Alvin Phua
Executive Chairman & CEO

Brisbane, 30 September 2015

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

Report on the Financial Report

We have audited the accompanying financial report of Byte Power Group Limited ("the company") and its Controlled Entities ("the group") which comprises the consolidated statement of financial position as at 30 June 2015, 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 group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1(a), the Directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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.

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 judgment, including the 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 company'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 company's 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PKF Hacketts Audit
ABN 33 873 151 348

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

Opinion

In our opinion:

a) the financial report of Byte Power Group Limited and its Controlled Entities is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

At 30 June 2015, the consolidated entity has recorded net liabilities of $5,052,961 (2014: $5,278,212) and a deficiency in net cash provided by operating activities of $211,714 (2014: $1,540,300). 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 11 of the Directors' Report for the year ended 30 June 2015. 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.

Opinion

In our opinion the Remuneration Report of Byte Power Group Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

PKF HACKETTS

PKF Hacketts Audit
Brisbane, 30 September 2015

Liam Murphy
Partner

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 16 September 2015.

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	189
5,001 – 10,000	92
10,001 – 100,000	167
100,001 and over	252
	923

There were 780 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
Ethel Lau <Ethel Lau Superannuation Fund A/C>	488,839,983	21.90
Mr Zhou Zhang	180,000,000	8.06
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 Pty Ltd <Phillip Securities (HK) A/C>	103,683,654	4.64
Mr Kenneth King	100,000,000	4.48
Mr Boon Kheng Ong	53,540,000	2.40
Citicorp Nominees Pty Limited	42,323,063	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
UOB Kay Hian Private Limited <Clients A/C>	17,677,035	0.79
Mr Christopher Lindsay Bollam	17,587,612	0.79
HSBC Custody Nominees (Australia) Limited	14,438,790	0.65
Mr Christopher Lindsay Bollam	14,155,174	0.63
Mr Yano Lim & Mrs Susanty Lim <The Lim Super Fund A/C>	13,625,000	0.61
Logistic Web Services Limited	13,369,670	0.60
Mr Huat Lai Lee + Ms Ai Wah Lee	12,500,000	0.56
	1,780,720,018	79.76

Unquoted equity securities

There are no unquoted equity securities.

C. Substantial holders

Substantial holders in the company are set out below:

Name	Ordinary shares Number Held	Percentage of issued shares
Ethel Lau <Ethel Lau Superannuation Fund A/C>	488,839,983	21.90
Mr Zhou Zhang	180,000,000	8.06
Li Baorong	175,630,567	7.87

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
Howard Shi

Company Secretary

Ethel Lau
Anna Cheng

Registered Office

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Solicitors

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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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