

Appendix 4D

Half year release

1. Company details

Name of entity

BYTE POWER GROUP LIMITED

ABN or equivalent company reference

80 009 268 571

Half year ended ('current period')

31 December 2009

Half year ended ('previous period')

31 December 2008

2. Results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

2.1	Revenues from ordinary activities	Up	8.2 %	to	Current period \$A 528,411
2.2	Profit (loss) from ordinary activities after tax attributable to members	Improvement of	5.5 %	to	(911,386)
2.3	Net profit (loss) for the period attributable to members	Improvement of	5.5 %	to	(911,386)
2.4	Dividends (distributions)				
		Amount per security			Franked amount per security
	Interim dividend declared	Nil ¢			Nil ¢
It is not proposed to pay any dividend for the half-year.					
2.5	Record date for determining entitlements to the dividend	Not applicable.			
2.6	Brief explanation of any figures in 2.1 to 2.4 necessary to enable the figures to be understood				

3. NTA backing

Net tangible asset backing per +ordinary security

Current period - A cents	Previous corresponding period - A cents
(0.35)	(1.31)

Brief explanation of any figures necessary to enable the figures to be understood

4.1 Control gained over entities

Name of entity (or group of entities)

Not applicable.

Date control gained

Not applicable.

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

Not applicable.

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

Not applicable.

4.2 Loss of control of entities

Name of entity (or group of entities)

Not applicable.

Date control lost

Not applicable.

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

Not applicable.

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

Not applicable.

5. Dividends

Individual dividends per security

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

6. Dividend reinvestment plans

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

Not applicable.

The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

Not applicable.

7. Details of associate and joint venture entities

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

Groups' aggregate share of associates' and joint venture entities' profits/(losses) (where material):

Profit (loss) from ordinary activities before tax

Income tax on ordinary activities

Profit (loss) from ordinary activities after tax

Extraordinary items net of tax

Net profit (loss)

Adjustments

Share of net profit (loss) of associates and joint venture entities.

	Current period - \$A	Previous corresponding period - \$A
Profit (loss) from ordinary activities before tax	-	-
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	-	-
Extraordinary items net of tax	-	-
Net profit (loss)	-	-
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities.	-	-

8. Foreign entities

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

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

The consolidated entity's financial report for the half-year ended 31 December 2009 has been subject to review by the consolidated entity's auditor. The auditor's review report relating to the financial report for the half-year ended 31 December 2009 includes a qualification in respect of the preparation of the financial report on a going concern basis.

Sign here: 

 (Company Secretary)

Date: 26-Feb-10

Print Name: Ethel Lau

BYTE POWER GROUP LIMITED
ABN 80 009 268 571

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Byte Power Group Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2009, made in accordance with a resolution of the directors.

Directors

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

Alvin Phua
Raphael Tham
Michael Walsh

Results

The consolidated entity has reported a loss for the half year ended 31 December 2009 of \$911,386 (December 2008: loss of \$964,178).

Review of Operations

Summary

The Group's revenues from ordinary activities for the period were \$528,411 compared to \$488,393 achieved in the same period last year. The Group's losses reduced to \$911,386 for the half year ended December 2009 compared to \$964,178 for the half year ended December 2008.

The Company has gained support of its shareholders, creditors and all the directors of the Company to convert their debts to equity after the resolutions were passed at its AGM held on 30 November 2009. These conversions reduced A\$3,455,733 in liabilities and brought the net liability position of the Group to A\$3,971,437 (June 2009: A\$6,682,969).

Out of the net liability of A\$3,971,437, A\$2,926,422 was owed to major shareholders where A\$1,007,408 is current liabilities and \$1,919,013 under long-term liabilities.

The Group in the last 6 months has continued to focus its effort in developing the e-Kiosk project in Chongqing China. On 10 February 2010, the Company signed a Heads of Agreement to acquire an additional 60 kiosks located in Chongqing City. In consideration for the acquisition Byte Power (Chongqing) Info Tech Ltd will issue shares to the vendor resulting in the vendor holding a 30% interest in the enlarged issued capital of Byte Power (Chongqing) Info Tech Ltd. Completion of this transaction is subject to due diligence and execution of formal sale and purchase agreement by no later than 8 March 2010.

This acquisition is a significant milestone for the Group as it immediately increases the number of kiosks by 200%. The partnership also secures an experienced executive for our e-kiosk business who has 10 years of experience within the kiosk industry in Chongqing, China.

In December 2009, the Group has successfully recommenced its IT trading business. As the IT trading business continues to grow, the Group expects positive contribution from this business in the months ahead.

Within Australia the Group has continued to develop the UPS business nationwide.

BYTE POWER GROUP LIMITED
ABN 80 009 268 571

DIRECTORS' REPORT
(continued)

Comments on the Group's operations and results

Detailed results are as follows:

Half year ended 31 December	2009	2008	% change
Revenue from Ordinary Activities	528,411	488,393	8.2%
EBITDA	(555,470)	(586,147)	5.2%
Depreciation / Amortization	<u>(37,244)</u>	<u>(53,046)</u>	29.8%
EBIT	(592,713)	(639,193)	7.3%
Borrowing Expenses	<u>(318,673)</u>	<u>(324,985)</u>	1.9%
Operating Profit/(Loss) before Tax	(911,386)	(964,178)	5.5%
Tax Expense	-	-	
Net Profit/(Loss) after Tax	<u>(911,386)</u>	<u>(964,178)</u>	5.5%

Details of the Business Unit Results are set out below:

	Revenues		Results	
	2009	2008	2009	2008
Segments:				
Power Management	206,428	226,786	66,266	23,949
IT & T	296,274	236,613	(41,046)	(2,883)
e-Kiosks	25,452	21,012	(68,283)	(149,917)
Corporate	<u>257</u>	<u>3,983</u>	<u>(868,322)</u>	<u>(835,327)</u>
	<u>528,411</u>	<u>488,394</u>	<u>(911,385)</u>	<u>(964,178)</u>

BYTE POWER GROUP LIMITED
ABN 80 009 268 571

DIRECTORS' REPORT
(continued)

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the company's auditors, Hacketts DFK, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the half year ended 31 December 2009. The Auditor's Independence Declaration is attached and forms part of this Director's Report.

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

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a horizontal line extending to the right.

Alvin Phua
Chairman & CEO

Brisbane, 26 February 2010

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF BYTE POWER GROUP LIMITED**

In relation to the review of Byte Power Group Limited's financial report for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*, and
- (b) no contraventions of any applicable code of professional conduct.



S J Lindemann
Partner



Hacketts DFK

Brisbane, 26 February 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Half-Year	
	2009 A\$	2008 A\$
Revenues	528,411	488,393
Changes in inventories of finished goods and work in progress	(9,627)	(42,386)
Raw materials and consumables used	(321,063)	(75,929)
Depreciation and amortisation expenses	(37,244)	(53,046)
Borrowing cost expenses	(318,673)	(324,985)
Salaries and employee benefits expenses	(319,719)	(446,006)
Directors' fees	(58,050)	(66,461)
Rent and outgoings	(81,317)	(101,052)
Travel, accommodation and entertainment	(91,657)	(123,223)
Consultants / Professional fees	(75,394)	(58,979)
Other expenses from ordinary activities	(127,055)	(160,504)
Profit/(loss) before related income tax	(911,386)	(964,178)
Income tax expense/(benefit)	-	-
Net profit/(loss)	(911,386)	(964,178)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	63,765	-
Income tax relating to components of other comprehensive income	-	-
Total other comprehensive income for the period, net of tax	63,765	-
Total comprehensive income attributable to members of the parent entity	(847,621)	(964,178)
	cents per share	cents per share
Basic earnings per share	(0.16)	(0.24)
Diluted earnings per share	(0.16)	(0.24)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	31 December 2009 A\$	30 June 2009 A\$
CURRENT ASSETS		
Cash and cash equivalents	17,721	15,905
Receivables	372,826	164,107
Inventories	150,881	141,254
Other	1,095	38,975
TOTAL CURRENT ASSETS	542,524	360,241
NON-CURRENT ASSETS		
Receivables	-	-
Other financial assets	-	-
Property, plant and equipment	1,023,656	922,380
Deferred tax assets	-	-
Other financial assets	15,187	15,187
TOTAL NON-CURRENT ASSETS	1,038,844	937,567
TOTAL ASSETS	1,581,368	1,297,808
CURRENT LIABILITIES		
Payables	2,885,156	3,285,810
Interest bearing liabilities	466,002	478,938
Convertible loans	-	2,000,000
Provisions	148,058	154,514
TOTAL CURRENT LIABILITIES	3,499,216	5,919,262
NON-CURRENT LIABILITIES		
Interest bearing liabilities	1,986,088	1,994,014
Long term liabilities	67,500	67,500
TOTAL NON-CURRENT LIABILITIES	2,053,588	2,061,514
TOTAL LIABILITIES	5,552,804	7,980,776
NET ASSETS	(3,971,437)	(6,682,968)
EQUITY		
Contributed equity	49,848,277	46,289,125
Reserves	63,766	-
Accumulated losses	(53,883,480)	(52,972,093)
TOTAL EQUITY	(3,971,437)	(6,682,968)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

BYTE POWER GROUP LIMITED
ABN 80 009 268 571

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Contributed equity A\$	Reserve A\$	Accumulated losses A\$	Total A\$
Balance at 1 July 2008	45,734,825	-	(50,985,892)	(5,251,067)
Loss for the period	-	-	(964,178)	(964,178)
Total other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(964,178)	(964,178)
Shares issued during the period	594,500	-	-	594,500
Share issue costs	(40,200)	-	-	(40,200)
Contribution by members	554,300	-	-	554,300
Sub-total	46,289,125	-	(51,950,070)	(5,660,945)
Dividends paid or provided for	-	-	-	-
Balance at 31 December 2008	46,289,125	-	(51,950,070)	(5,660,945)
Balance at 1 July 2009	46,289,125	-	(52,972,093)	(6,682,968)
Loss for the period	-	-	(911,386)	(911,386)
Total other comprehensive income	-	63,766	-	63,766
Total comprehensive income	-	63,766	(911,386)	(847,620)
Shares issued during the period	3,566,653	-	-	3,566,653
Share issue costs	(7,500)	-	-	(7,500)
Contribution by members	3,559,153	-	-	3,559,153
Sub-total	49,848,277	63,766	(53,883,480)	(3,971,435)
Dividends paid or provided for	-	-	-	-
Balance at 31 December 2009	49,848,277	63,766	(53,883,480)	(3,971,437)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

BYTE POWER GROUP LIMITED
ABN 80 009 268 571

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Half-Year	
	2009 A\$	2008 A\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	343,074	489,709
Payments to suppliers and employees	(1,098,246)	(905,838)
Interest received	256	3,472
Interest and other costs of finance paid	(102,670)	(325,173)
	<hr/>	<hr/>
Net cash provided by/(used in) operating activities	(857,586)	(737,830)
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(74,754)	(28,383)
Payment for other financial assets	-	-
	<hr/>	<hr/>
Net cash provided by/(used in) investing activities	(74,754)	(28,383)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issues of securities / converting loans	955,018	594,500
Repayment of borrowings	(7,926)	-
Repayment of lease liabilities	(12,936)	(30,914)
	<hr/>	<hr/>
Net cash provided by/(used in) financing activities	934,156	563,586
Net increase/(decrease) in cash held	1,816	(202,627)
Cash at beginning of half year	15,905	212,627
	<hr/>	<hr/>
Cash at end of half year	17,721	10,000

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 1: Statement of significant accounting policies

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 "Interim Financial Reporting". The half-year financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the financial year ended 30 June 2009, together with any public announcements made by Byte Power Group Limited and its controlled entities during the half-year ended 31 December 2009, in accordance with the continuous disclosure requirement of the Listing Rules of the Australian Securities Exchange.

The half-year financial report was authorised for issue by the Directors on 27 February 2010.

Basis of preparation

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All amounts are presented in Australian dollars, unless otherwise noted.

Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2009 annual financial report for the year ended 30 June 2009, other than detailed below. Where appropriate, comparative information is reclassified to enhance comparability.

Adoption of new and revised Accounting Standards

In the current half-year, the consolidated entity 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 2009.

The following applicable standards have been adopted from 1 July 2009:

- AASB 3 "Business Combinations" and AASB 2008-3 and AASB 2008-7;
- AASB 8 "Operating Segments" and ASB 2007-3;
- AASB 101 "Presentation of Financial Statements" and AASB 2007-8 and AASB 2007-10;
- AASB 123 "Borrowing Costs" and AASB 2007-6;
- AASB 2008-1 "Amendments to Australian Accounting Standards – Share Based Payments: Vesting Conditions and Cancellations AASB 2]";
- AASB 2008-2 "Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation";
- AASB 2008-5 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project" and AASB 2008- "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project";
- AASB 2008-8 "Amendments to Australian Accounting Standards – Eligible Hedged Items";
- AASB 2009-2 "Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments";
- AASB 2009-4 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project";
- AASB 2009-7 "Amendments to Australian Accounting Standards"; and
- AASB 2008-8 "Amendments to Australian Accounting Standards – Group Cash-settled Share based Payment Transactions".

Disclosures required by these Standards and Interpretations that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 1: Statement of significant accounting policies (continued)

Segment information

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Byte Power group chief operating decision maker which, for the Byte Power group, is the Board of Directors. The Board of Directors consider each individual business activity to be a segment.

Going concern

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

The consolidated entity has incurred a loss from continuing operations after tax of \$911,386 (2008: loss of \$964,178) for the half-year ended 31 December 2009. The consolidated entity also has a net current liability position of \$2,956,692 (2008: net current liability position of \$4,467,950) as at the half-year ended December 2009. There are also significant non-current liabilities.

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

- The continued support of major creditors and loans from the major shareholders;
- Obtaining an overdraft or working capital facility to assist the consolidated entity to pay its debts on a timely basis;
- Obtaining additional equity in the form of capital raising or longer term debt to enable the consolidated entity to fund operating and investing activities cash flow requirements; and
- The generation of future profits by the underlying businesses.

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

NOTE 2: Share Capital

	Half-Year			
	2009 A\$	2008 A\$		
Issued and paid up ordinary share capital	49,848,277	46,289,125		
Movement in ordinary share capital during the period:				
	Number		A\$	
	2009	2008	2009	2008
Opening balance	433,668,111	384,126,442	46,289,125	45,734,825
Share issues:				
29 August 2008		7,541,669		90,500
26 September 2008		17,000,000		204,000
24 October 2008		12,500,000		150,000
9 December 2008		12,500,000		150,000
5 October 2009	21,000,000		105,000	
15 October 2009	1,184,000		5,920	
2 December 2009	691,146,663		3,455,732	
Share issue costs			(7,500)	(40,200)
Closing balance	1,146,998,774	433,668,111	49,848,277	46,289,125
Weighted average number of shares on issue during period	553,023,661	394,241,968		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 3: Segment Reporting

A\$	Power Management		IT&T		ekiosk		Corporate		Total
	2009	2008	2009	2008	2009	2008	2009	2008	2009
Revenue	206,428	226,786	296,274	236,613	25,452	21,012	257	3,983	528,411
Result	66,266	23,949	(41,046)	(2,883)	(68,283)	(149,917)	(868,322)	(835,327)	(911,386)
Income tax expense									-
Net loss for the half year									(911,386)

NOTE 4: Subsequent Events

Subsequent to the end of the reporting period the consolidated entity has:

- on 28 January 2010 issued 16,000,000 shares at an issue price of 0.5cents to raise capital totalling \$80,000; and
- signed a Heads of Agreement to acquire an additional 60 kiosks located in Chongqing City, China. In consideration for the acquisition a controlled entity will issue shares to the vendor resulting in the vendor holding a 30% interest in the enlarged issued capital of the controlled entity. Completion of this transaction is subject to due diligence and execution of formal sale and purchase agreement and is anticipated to occur on or before 8 March 2010.

No other matter or circumstance have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 5: Contingent items

There are no other contingent liabilities or contingent assets at the date of this half-year financial report.

BYTE POWER GROUP LIMITED
ABN 80 009 268 571

DIRECTORS' DECLARATION

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

(1) In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity:

- (i) give a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
- (ii) comply with Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the directors.



Alvin Phua
Director

Brisbane, 26 February 2010

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Byte Power Group Limited (“the company”) and its controlled entities (“the consolidated entity”) which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, together with a statement of accounting policies, other selected explanatory notes and the Directors’ declaration.

Directors’ Responsibility for the Half-Year Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity’s financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

Independence

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

Basis for Qualified Conclusion

As a result of the matters described in Note 1 to the financial statements the Directors' Declaration includes the Directors' statement that in their opinion the company has the ability to pay its debts as and when they fall due. This statement confirms that the going concern basis has been used in the preparation of the financial report and that the application of the going concern assumption remains appropriate.

There is significant uncertainty whether the consolidated entity will be able to continue as a going concern and, therefore, whether it will be able to pay its debts as they become due and payable and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

Qualified Conclusion

Based on our review, which is not an audit, except for the effect on the financial statements of the matter referred to in the preceding paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Byte Power Group Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Hacketts

Hacketts DFK

Brisbane, 26 February 2010



**S J Lindemann
Partner**