BYTE POWER
Group Limited

ANNUAL REPORT

30 June 2013

ABN: 80 009 268 571

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CHAIRMAN'S REPORT

Byte Power Group Limited had experienced a turnaround year for the period ended 30 June 2013 with results for all segments and divisions experiencing improvement compared to the previous period.

The Group still continues to develop new and existing business opportunities in the IT&T sector. In the meantime, with the progress we achieved in developing a wine export business within the Asian Business Division the Group has turned its focus to develop and grow the wine business with a bigger range of labels as well as seeking new market opportunities within the Asia region especially China.

In February 2012, Byte Power set up the Asian Business Division and began exporting premium Australian wines into China, Hong Kong and Asian countries. Wine Power Pty Ltd was later established as a subsidiary of the Group to cater for the growth of the wine business

Through existing corporate networks of the Group and wine tasting events, management of the Group has acquired knowledge of the palates and preferences of general Asian consumers, acceptable price range and packaging preferences in Asia. With this acquired knowledge, Wine Power Pty Ltd has introduced its own '8 Eagles' range of wines from the Barossa, South Australia to cater for the target market.

In late July 2013, the Group established another new overseas subsidiary Wine Power Pte Limited in Singapore to manage the wine distribution operations in Singapore and the surrounding countries such as Myanmar and Cambodia.

Byte Power, through this new Singapore entity, has gained access to a range of well recognised and highly sought after wines, including prestigious labels such as Penfolds, Wolf Blass, Wynns Coonawarra Estate, Rosemount Estate, Lindeman's and Saltram to name a few. This is a significant milestone for Byte Power, and gives the Company a major wine trading opportunity in Southeast Asia across a number of mature and growing markets including China. Countries like Myanmar is a largely untapped market that offers significant upside potential, whilst Singapore's wealthy population and increasingly wine savvy consumer market has steady demand for sophistication.

The Company is currently supplying wines to SME and large corporations throughout Asia, and these new premium lines will provide the Company with further growth opportunities in new markets and across a greater range of price points.

Last financial year, Byte Power had achieved 351% growth in revenue, which was partially contributed by the wine distribution business. With the broader range of Australian wine labels under the Wine Power portfolio, the wine business is expected to achieve its growth rate in excess of 200% in the first half of this financial year compared to the same period last financial year.

Outlook

The Group will continue to focus on growing its wine distribution businesses across new brands and developing new markets.

The Board believes the positive results of the 2012-13 financial year provide great confidence that BPG can expect a substantially improved financial performance in the new financial year. The Board is optimistic that Wine Power subsidiaries will continue to develop new and existing opportunities. Building on the positive outcome, the Board is also confident that the performance for this financial year will continue to improve significantly over last year.

Alvin Phua
Chairman

REVIEW OF OPERATIONS

Company Background and Overview

Byte Power Group Limited began as a technology solutions group, providing IT&T solutions to leading organisation in the SME, corporate and government sectors throughout Australia and Asia.

The Group has since evolved into a diversified trading business group with interests in wine distribution into the Asia Pacific region.

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 – Formally 'Byte Power' was established in Queensland in 1989 and continues to focus on delivery of IT products and services to SME's as well as corporate and government clients. As a private company Byte Power was recognised over many years as one of Queensland's Top 400 privately owned companies. The Top 400 awards were based upon independent research conducted on behalf of Business Queensland in conjunction with PricewaterhouseCoopers and published annually.

The IT&T trading business is operated under this entity and during the 2013 financial year, this division made up 75% of total sales revenue.

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.

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 (Chongqing) Information Technology Ltd – Established in May 2007, Byte Power (Chongqing) Information Technology Ltd operates a city wide e-Kiosk solution in Chongqing City, China. This Byte Power solution provides the general population convenient access to a range of on- and off-line services. However, political changes and changes to government policies have adversely affected the e-Kiosk business. The Group has decided that it is in the Company's best interest to wind down this project and refocus on other areas of the business.

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 market in terms of IT&T trading and other business opportunities that may arise.

Wine Power Pte Ltd – In July 2013, the Group established a Singapore entity to manage the wine distribution operations in Singapore and the surrounding countries such as Myanmar, Cambodia, Malaysia, Vietnam, Korea and Japan. Through the new subsidiary, the Company has access to prestigious labels such as Penfolds, Wolf Blass, Wynns Coonawarra Estate, Rosemount Estate, Lindeman's and Saltram to name a few.

REVIEW OF OPERATIONS (continued)

Byte Power 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 24 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 Group's efforts in developing the Asian Business Division has proved rewarding. Although all segments have experienced improvements in both revenue and results, the 2012-13 financial year has seen strong growth in both the Asian Business Division and the IT&T businesses.

While activity of the e-kiosk project in China has been substantially wound down due to unfavourable government policies, the venture established a firm market presence in China for the Group and has provided a solid platform for the Asian Business Division to conduct business within. Notwithstanding the positive relationships developed through the e-Kiosk project, the ability of the Group to access popular Australian wines have also been advantageous to the business. With this leverage under our belt, the Group has started to export Australian wine to China through the Asian Business Division and new entities such as Wine Power Pty Ltd and Wine Power Pte Ltd had been established through the year in order to facilitate the expanding business and its growing operations.

In addition, the Group through its new entity Wine Power Pty Ltd released its very own range of red and white wines '8 Eagles' into the emerging Asia wine market. 8 Eagles was developed after thorough consideration of factors such as favourable palates of Asian consumers, acceptable price ranges and packaging preferences to the target audience. This information was crucial in developing a range of wines specific to the target markets' palates and to develop suitable branding into the markets the Group is trading in and have plans to penetrate into, which are currently China, Singapore, Malaysia, Vietnam, Myanmar, Japan, Hong Kong, Macau, Taiwan and Korea.

Wine Power has a uniquely intimate marketing model. The Company targets the niche market of the Corporate and Government sectors, accessing hard to reach senior executives and key market influencers, developing their wine palates and directing consumption. Wine tasting events conducted periodically allow enthusiasts and potential clients to have the opportunity to sample Wine Power's range of products, expand their knowledge and get themselves educated. The educational nature of these tastings encourages participants to learn the language of wine in a relaxing social environment.

The IT&T division remains steady and has seen good growth in 2012-13. IT&T revenue during this reporting period contributed up to 75% of total sales revenue and is up by approximately 320% compared to the last reporting period.

On 25 January 2013, Byte Power Technologies Pty Ltd, a wholly-owned subsidiary of Byte Power Group Limited was wound up with liquidators appointed to the Company. As Byte Power Technologies Pty Ltd had not been an operating entity within the group for a number of years, the liquidation of this entity has not adversely impacted the financial performance or position of the Group.

REVIEW OF OPERATIONS (continued)

The Group maintains a strong growth strategy for the Asian Business Division. Further development of the wine distribution business within the Asian Business Division will continue to be the Group's main focus, and simultaneously ensuring the IT&T businesses continue to yield steady growth. As a Group, we will continue to leverage our 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 consolidated entity ("the Group") consisting of Byte Power Group Limited and the entities it controlled at the end of, or during, the year ended 30 June 2013.

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 with key business and government relationships throughout Australia and around the Asian region and has a proven track record of success in the IT&T sector through his building of the Byte Power business since 1989.	Managing Director 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. Michael Walsh *(resigned 5 July 2013)*	Michael is a qualified civil and mechanical engineer with over forty years in manufacturing, consulting and construction sectors. He has spent considerable time in the oil and gas industries, power generation and transportation both in private enterprise and government owned corporations. He has extensive knowledge and experience in international business and has held Senior Executive roles with several companies both in Australia and overseas. He has served on a number of industry association committees and Boards and has an extensive business network in Australia and overseas.	Non-Executive Director Chairman of Remuneration Committee Member of Audit Committee	8,750,122 ordinary shares, Nil options
Mr. Howard Shi *(appointed 5 July 2013)*	Howard is currently a director/partner in Z5 Venture Capital Pty Ltd. He has over 14 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

DIRECTORS' REPORT (continued)

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 China Food Company PLC, a company listed on AIM, London (Code: CFC.L). He is the non-executive Chairman of Auhua Clean Energy Plc, also listed in the London Stock Exchange AIM (Code: ACE). Mr Tham is also the Executive Director of Unionmet Singapore Ltd, a company listed on the mainboard of the Singapore Exchange.

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	488,839,983 ordinary shares, Nil options

Earnings per Share

Earnings (loss) per share (cents)	2013	2012
Basic earnings (loss) per share	0.001	(0.10)
Diluted earnings (loss) per share	0.001	(0.10)

Dividends

No dividends were recommended or paid during the year.

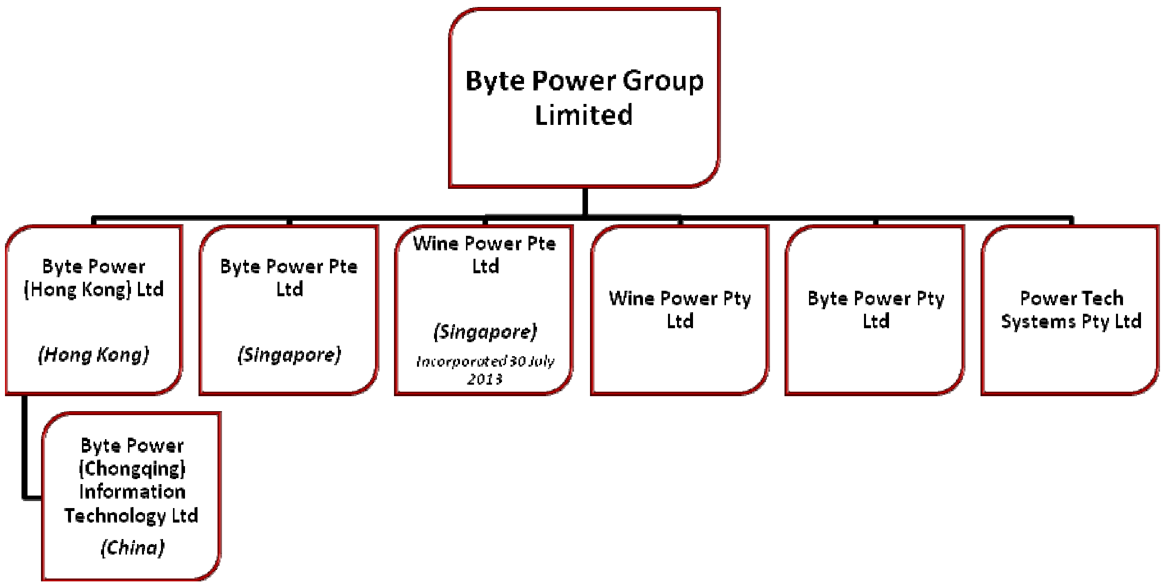
DIRECTORS' REPORT (continued)

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
Byte Power Pte Ltd
Wine Power Pte Ltd (incorporated 30 July 2013)

Byte Power Group Limited – Corporate Structure as at 30 September 2013



Nature of Operations and Principal Activities

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

- Service and sale of IT&T equipment;
- Provision of IT consultancy and services;
- Manufacture, assembly, import, export, service and sale of power management equipment and software;
- Service and sales of UPS equipment nationally; and
- Export wine sales.

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

Employees

The Group employed 5 employees at 30 June 2013 (2012: 5 employees).

REVIEW AND RESULTS OF OPERATIONS

Summary

Revenues from ordinary activities in the financial year ended 30 June 2013 were $6.442 million compared to $1.611 million in the financial year ended 30 June 2012, representing a growth of 300% due largely to increased sales in the IT&T segments and the export of premium wines into Asia.

The net profit for the year was $24,025 compared to a net loss of $1.622 million over the same period. The EBITDA gain for the year was $0.498 million compared to an EBITDA loss of $0.776 million the previous year.

Comments on the Group's operations and results

Detailed results are as follows:

	2013 $	2012 $	% change
Revenue from ordinary activities	6,442,289	1,611,341	300%
EBITDA	498,262	(776,432)	(164%)
Impairment	(2,795)	(306,310)	(100%)
Depreciation/Amortisation	(5,558)	(59,084)	(86%)
EBIT	489,909	(1,141,826)	(143%)
Financial costs	(465,885)	(480,406)	(3%)
Operating profit / (loss) before income tax	24,025	(1,622,232)	(101%)
Income tax expense	-	-	
Net profit / (loss)	24,025	(1,622,232)	(101%)

Business Unit results are set out below:

	Revenues		Results	
	2013 $	2012 $	2013 $	2012 $
Segment:				
Power Management	172,242	109,829	47,390	(44,967)
IT&T	4,665,274	1,150,235	494,451	(51,916)
Asian Business Division	1,398,445	349,861	436,860	235,198
Other	206,326	1,416	(954,677)	(1,760,547)
	6,442,289	1,611,341	24,025	(1,622,232)
Income tax expense			-	-
Profit / (Loss) for the year			24,025	(1,622,232)

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

Mr Michael Walsh resigned as Director of Byte Power Group Ltd and its subsidiaries on 5 July 2013. Mr Howard Shi was subsequently appointed as Director of Byte Power Group Ltd on 5 July 2013.

Byte Power Group Ltd incorporated a foreign subsidiary Wine Power Pte Ltd ("Wine Power Singapore") on 30 July 2013 to manage the wine operations in Singapore and South East Asia.

No other matter or circumstance has arisen since the end of the financial year that has significantly affected, or may affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results

The Group will continue to focus on growing its wine distribution businesses across new brands and developing new markets as well as promoting its own 8 Eagles range.

The Board believes that the positive results of the 2012-13 financial year is a great indication that the Group can expect a substantially improved financial performance in the new financial year. The Board is optimistic that Wine Power subsidiaries will continue to develop new and existing opportunities. Building on the positive outcome, the Board is also confident that the performance for the 2013-14 year will continue to improve over 2012-13.

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 2013.

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:

Directors of Byte Power Group Limited

2013	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	-
Michael Walsh *(resigned 5 July 2013)*	25,000	-	-	2,250	-	-	-	27,250	-
	85,000	**-**	**-**	**5,400**	**-**	**-**	**-**	**90,400**	-

2012	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 $	$	$	$	%
Alvin Phua	35,000	-	-	3,150	-	-	-	38,150	-
Raphael Tham	25,000	-	-	-	-	-	-	25,000	-
Michael Walsh	25,000	-	-	2,250	-	-	-	27,250	-
	85,000	**-**	**-**	**5,400**	**-**	-	**-**	**90,400**	**-**

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

Executives of Byte Power Group Limited

2013	**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	-	-	15,272	-		-	184,966	-
Ethel Lau	137,615	-	-	12,385	-	-	-	150,000	-
	307,309	**-**	**-**	**27,657**	**-**	-	**-**	**334,966**	**-**

2012	**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	-	-	15,272	-	-	-	184,966	-
Ethel Lau	137,615	-	-	12,385	-	-	-	150,000	-
	307,309	**-**	**-**	**27,657**	**-**	**-**	**-**	**334,966**	**-**

* 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 2013 and the numbers of meetings attended by each director were:

	Directors' meeting		Audit committee		Remuneration committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Alvin Phua	10	10	2	2	-	-
Raphael Tham	10	10	2	2	-	-
Michael Walsh *(resigned 5 July 2013)*	10	10	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

Lawler 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 company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important.

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with the advice received from the Audit Committee is satisfied that the provision of any non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of any non-audit services by the auditor, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- Any non-audit services provided have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor, *and*
- None of the services undermine the general principles relating to auditor independence as set out in *APES 110 : Code of Ethics for Professional Accountants* set by the Accounting Professionals Ethical Standards Board.

During the year the following fees were payable for services provided by the auditor of the company:

	CONSOLIDATED	
	2013 **$**	2012 $
Audit and review of financial reports	40,000	37,000
Other assurance services	-	-
Non assurance services – other compliance and advisory services	-	-

Auditor Independence

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

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 17 to 20 of the annual report.

Signed in accordance with a resolution of the directors.

Alvin Phua
Chairman

Brisbane, 30 September 2013

Auditors Independence Declaration under Section 307C
of the Corporations Act 2001
to the Directors of Byte Power Group Limited

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Lawler Hacketts

Lawler Hacketts Audit

SJ Lindemann

SJ Lindemann
Partner

Brisbane, 30 September 2013

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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 consolidated entity. 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 – 2nd 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:

Structure of the Board

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 2013 ("Annual Report") is included in the Director's Report of the Annual Report.

Corporate Governance Council Recommendation 2.1 requires a majority of the board to be independent directors.

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;

(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.

Mr Alvin Phua is the Chairman and Chief Executive Officer of the Company. Corporate Governance Council Recommendation 2.2 requires the Chairman of the Company to be an independent director. Further, Corporate Governance Council Recommendation 2.3 states that the roles of chairperson and chief executive officer should not be exercised by the same individual.

Byte Power Group Limited does not have a nomination committee as required by Corporate Governance Council Recommendation 2.5. 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 business and its objectives.

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. Notwithstanding Corporate Governance Council Recommendation 3.1, Byte Power Group Limited has not established a code of conduct to guide the directors, the Chief Executive Officer and any other key executives as to:

3.1.1 the practices necessary to maintain confidence in the company's integrity;

3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;

3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Safeguarding integrity in Financial Reporting, Audit Committees and Risk Management

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 consolidated entity, 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 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).

Remunerate Fairly and Responsibly

The Board regularly discusses and reviews its performance. The Board also discusses with each director their requirements, performances and aspects of involvement with the Company.

The Board is responsible for determining and reviewing the compensation arrangements for directors themselves, the Chief Executive Officer and the management team. The members of the remuneration committee were at the date of the Annual Report, Mr Howard Shi (non-executive director), Chairman and Mr Alvin Phua (executive director).

Departures from Corporate Governance Council Recommendations

Any departures to the Corporate Governance Council Recommendations are set out below:

Corporate Governance Council Recommendation	Departure	Explanation
2.2	The Chairman is not an independent director.	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 when in fact by his vested interest as a substantial shareholder, he will be a driving force in the future of the Company.

Corporate Governance Council Recommendation	Departure	Explanation
2.3	The roles of Chairman and Chief Executive Officer should not be performed by the same person.	Given the size and scope of the Company's operations, the Board considers that there is no real benefit to be gained by appointing a Chief Executive Officer in addition to the Chairman.
2.4	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.
2.5	There has 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 required to date. However, the Board will continually monitor, review and discuss performance and implement changes where necessary.
3.1	No formal code of conduct has been established as to practices necessary to maintain confidence in the Company's integrity or as to reporting and investigating unethical practices.	The Board and management consist of appropriately qualified and experienced members. It is not considered that a code of conduct or reporting guide is yet necessary as the principles are followed.
3.2	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.
3.3	No formal policy concerning diversity policy has been disclosed.	Although there was no written policy disclosed, gender diversity is accepted and practiced within the Company.
4.2	The Audit committee is chaired by an independent director but only has two members	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.
5.1	There are no written policies and procedures designed to ensure compliance with the ASX Listing Rules disclosure requirements.	Although there are no written policies in place, the responsibility for compliance with the ASX Listing Rules is handled by the Board and subject to review by the external auditors. The Board considers that the Company meets the requirements.
6.1	The Company has no formal communication strategy in place for the benefit of its shareholders.	The Board is conscious of the need to continually keep shareholders and the market advised. Accordingly, the Board makes timely announcements which ensure that shareholders and the markets are adequately informed about its activities. All announcements are also being posted on our website www.bytepowergroup.com which is accessible by the public
7.1 and 7.2	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.
8.1	The remuneration committee is chaired by an independent director but only has two members.	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 2 members.

Corporate Governance Council Recommendation	Departure	Explanation
8.2	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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED 30 JUNE 2013 A$	30 JUNE 2012 A$
Revenues from continuing activities	2	**6,442,289**	1,611,341
Changes in inventories of finished goods and work in progress		**123,300**	(72,624)
Cost of sales		**(4,770,455)**	(1,275,640)
Depreciation and amortisation expenses	3	**(5,558)**	(59,084)
Provision for impairment	3	**(2,795)**	(306,310)
Finance cost expenses	3	**(465,885)**	(480,406)
Salaries and employee benefits expenses		**(784,035)**	(647,237)
Directors' fees		**(90,400)**	(90,400)
Rent and outgoings		**(94,085)**	(100,810)
Travel, accommodation and entertainment		**(140,876)**	(116,536)
Consultants / Professional fees		**(94,039)**	(9,013)
Other expenses from ordinary activities		**(93,436)**	(75,513)
Profit / (loss) before related income tax	3	**24,025**	(1,622,232)
Income tax expense / (benefit)	4	**-**	-
Net profit / (loss) for the year		**24,025**	(1,622,232)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(90)**	(36,368)
Income tax relating to components of other comprehensive income		**-**	-
Total other comprehensive income for the period, net of tax		**(90)**	(36,368)
Total comprehensive income attributable to members of the parent entity		**23,935**	(1,658,600)
		Cents per share	
Basic earnings per share	26	**0.001**	(0.10)
Diluted earnings per share	26	**0.001**	(0.10)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	CONSOLIDATED 30 JUNE 2013 A$	30 JUNE 2012 A$
CURRENT ASSETS			
Cash and cash equivalents	6	**181,259**	85,354
Receivables	7	**1,001,926**	258,147
Inventories	8	**175,333**	52,033
TOTAL CURRENT ASSETS		**1,358,518**	395,534
NON-CURRENT ASSETS			
Property, plant and equipment	9	**8,440**	17,303
Other	10	**11,835**	11,835
TOTAL NON-CURRENT ASSETS		**20,275**	29,138
TOTAL ASSETS		**1,378,793**	424,672
CURRENT LIABILITIES			
Payables	11	**5,226,598**	4,140,043
Interest bearing liabilities		**-**	243,367
Convertible notes / loans	12	**513,449**	496,207
Provisions	13	**283,182**	253,426
TOTAL CURRENT LIABILITIES		**6,023,229**	5,133,043
NON-CURRENT LIABILITIES			
Interest bearing liabilities	14	**1,919,014**	1,919,014
Other financial liabilities	15	**229,057**	229,057
TOTAL NON-CURRENT LIABILITIES		**2,148,071**	2,148,071
TOTAL LIABILITIES		**8,171,300**	7,281,114
NET ASSETS		**(6,792,507)**	(6,856,442)
EQUITY			
Contributed equity	16	**51,610,922**	51,570,922
Reserves	17	**35,976**	36,066
Accumulated losses		**(58,439,405)**	(58,463,430)
TOTAL EQUITY		**(6,792,507)**	(6,856,442)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2011	50,650,858	72,434	(56,841,198)	(6,117,906)
Loss for the period	-	-	(1,622,232)	(1,622,232)
Total other comprehensive income	-	(36,368)	-	(36,368)
Total comprehensive income	-	(36,368)	(1,622,232)	(1,658,600)
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the period	947,564	-	-	947,564
Share issue costs	(27,500)	-	-	(27,500)
Contribution by members	920,064	-	-	920,064
Sub-total	51,570,922	36,066	(58,463,430)	(6,856,442)
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2012	**51,570,922**	**36,066**	**(58,463,430)**	**(6,856,442)**
Balance at 1 July 2012	51,570,922	36,066	(58,463,430)	(6,856,442)
Profit for the period	-	-	24,025	24,025
Total other comprehensive income	-	(90)	-	(90)
Total comprehensive income	-	(90)	24,025	23,935
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the period	40,000	-	-	40,000
Share issue costs	-	-	-	-
Contribution by members	40,000	-	-	40,000
Sub-total	51,610,922	35,976	(58,439,405)	(6,792,507)
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2013	**51,610,922**	**35,976**	**(58,439,405)**	**(6,792,507)**

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED 2013 $	2012 $
		Inflows / (Outflows)	
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		**6,076,708**	1,524,092
Payments to suppliers and employees		**(5,390,499)**	(2,175,987)
Interest received		**12**	16
Interest and other costs of finance paid		**(397,829)**	(380,964)
Net cash provided by / (used in) operating activities	18	**288,392**	(1,032,843)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		**-**	(19,012)
Proceeds from sale of property plant & equipment		**10,970**	-
Net cash provided by / (used in) investing activities		**10,970**	(19,012)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issues of securities (shares, option etc.)		**40,000**	928,564
Share issue costs		**-**	(27,500)
Proceeds from / (Repayment of) borrowings		**(243,367)**	222,848
Payment for lease liabilities		**-**	-
Net cash provided by / (used in) financing activities		**(203,367)**	1,123,912
Net increase / (decrease) in cash held		**95,995**	72,057
Effects of functional currency exchange rate change		**(90)**	(36,368)
Cash at beginning of year		**85,354**	49,665
Cash at end of year	6	**181,259**	85,354

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies

The financial report includes the consolidated financial statements and notes of Byte Power Group Limited 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 $24,025 (2012: Loss $1,622,232) for the financial year ended 30 June 2013. The consolidated entity was also in a net current liability position of $4,664,711 (2012: $4,737,507) as at 30 June 2013. There are also significant non-current liabilities.

Given the consolidated entity's carried forward losses and 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. *Summary of Significant Accounting Policies*

(a) Basis of Accounting (continued)

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 as to 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 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 consolidated entity not continue as a going concern.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Byte Power Group Limited at the end of the reporting period. A controlled entity is any entity over which Byte Power Group Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 23 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

(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.

1. *Summary of Significant Accounting Policies*

(c) Income Tax (continued)

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.

(e) Foreign Currency

Translation of foreign currency transactions
Foreign currency transactions during the year are initially converted to Australian currency at the rate of exchange applicable at the dates of the transactions. At balance date amounts payable or receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

Translation of financial reports of overseas operations
All overseas operations are fully integrated. The financial reports of overseas operations are translated using the current rate method and any exchange differences are taken directly to the Statement of Comprehensive Income.

(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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 30 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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.

Capitalised 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.

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 creditors.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies (continued)

(u) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. This Standard is not expected to significantly impact the Group's financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

- AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies

(u) New Accounting Standards for Application in Future Periods (continued)

- AASB 2011–4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard is not expected to significantly impact the Group's financial report as a whole.

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

- AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard is not expected to significantly impact the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2. *Revenue*

	CONSOLIDATED 2013 $	2012 $
Revenues from operating activities		
Revenue from sale of goods	**6,117,788**	1,519,509
Revenue from services	**121,939**	65,866
	6,239,727	1,585,375
Revenues from non-operating activities		
Other revenue	**38,792**	25,951
Interest income from non-related parties	**12**	16
Gain on deconsolidation		
- Byte Power Technologies Pty Ltd	**163,758**	-
	202,562	25,967
Total revenues from continuing activities	**6,442,289**	1,611,341

3. *Expenses And Losses / (Gains)*

	CONSOLIDATED 2013 $	2012 $
Depreciation of non-current assets		
- Plant and equipment	**2,514**	54,943
- Furniture and fittings	**2,734**	3,753
- Plant and equipment under lease	**310**	388
Total depreciation expenses	**5,558**	59,084
Finance costs		
- Interest expense – finance leases	**135**	86
- Interest expense – director related entity	**337,737**	336,842
- Other borrowing costs	**128,013**	143,478
Total finance costs	**465,885**	480,406
(Profit) / loss in disposal of plant and equipment	**510**	(19,012)
Net foreign currency (gain) / losses	**22,301**	(24,742)
Operating lease rental	**75,149**	84,764
Movement in provision for employee entitlements	**29,756**	40,583
Impairment of plant and equipment	**2,795**	306,310

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

4. Income Tax Expense

	CONSOLIDATED 2013 $	2012 $
The prima facie tax, on operating loss differs from the income tax provided in the financial statements as follows:		
Profit / (loss) for the year	**24,024**	(1,622,232)
Prima facie tax on profit / (loss) from continuing operations at 30% (2012: 30%)	**7,207**	(486,670)
Tax effect of profit / losses of current period not brought to account	**(7,207)**	486,670
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	**8,004,463**	8,011,670

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.

The entities have also entered into a tax sharing arrangement. Under the terms of this agreement, the income tax liabilities are allocated between the entities should the head entity default on its tax obligations. In the opinion of the directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Byte Power Group Limited.

5. Parent entity financial information

	PARENT ENTITY 2013 $	2012 $
Current assets	**121,748**	38,029
Total assets	**212,640**	79,564
Current liabilities	**4,715,684**	4,170,511
Total liabilities	**14,642,170**	10,101,750
Contributed equity	**51,610,922**	51,570,922
Reserves	**-**	-
Accumulated losses	**(66,040,451)**	(61,593,107)
	(14,429,530)	(10,022,186)

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 2012 or 30 June 2013.

Commitments
The Parent entity had no contractual commitments as at 30 June 2012 or 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	CONSOLIDATED 2013 $	2012 $

6. Current Assets - Cash

	2013 $	2012 $
Cash at bank	**181,259**	85,354

7. Current Assets - Receivables

	2013 $	2012 $
Trade debtors	**1,001,926**	258,147

8. Current Assets - Inventories

	2013 $	2012 $
Finished goods – net realisable value	**175,333**	52,033

9. Non-Current Assets - Plant and Equipment

	2013 $	2012 $
Plant and equipment:		
At cost	**887,305**	946,161
Less: Accumulated depreciation	**(886,147)**	(635,031)
Less: Provision for impairment	**-**	(306,310)
	1,158	4,820
Office furniture and equipment:		
At cost	**108,971**	180,209
Less: Accumulated depreciation	**(102,931)**	(169,278)
	6,040	10,931
Leased assets:		
At cost	**36,500**	36,500
Less: Accumulated amortisation	**(35,259)**	(34,948)
	1,241	1,552
Total plant and equipment	**8,440**	17,303

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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

	CONSOLIDATED	
	2013	2012
	$	$
(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	**4,820**	344,486
Additions	**-**	21,587
Disposals	**(1,148)**	-
Depreciation expense	**(2,514)**	(54,943)
Provision for impairment	**-**	(306,310)
	1,158	4,820
Office furniture and equipment		
Carrying amount at beginning	**10,931**	17,259
Disposals	**(2,156)**	(2,575)
Depreciation expense	**(2,734)**	(3,753)
	6,041	10,931
Leased assets		
Carrying amount at beginning	**1,552**	1,940
Amortisation expense	**(311)**	(388)
	1,241	1,552

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	CONSOLIDATED	
	2013	2012
	$	$

10. Non-Current Assets - Other

Security deposits	**11,835**	11,835

11. Current Liabilities - Payables

Trade creditors	**1,254,571**	724,471
Other creditors	**3,972,027**	3,415,572
	5,226,598	4,140,043

12. Current Liabilities – Interest Bearing Liabilities

Loans - Secured	**-**	243,367
Loans - Unsecured	**-**	-
Loans – Unsecured converting loans	**513,449**	496,207
	513,449	739,574

The converting loans will be matured on 30 September 2014 with interest bearing rates of 8%. No collateral is required.

13. Current Liabilities – Provisions

Employee benefits (Note 21)	**283,182**	253,426

14. Non-Current Liabilities - Interest Bearing Liabilities

Unsecured		
Loan from director related entity	**1,919,014**	1,919,014

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

15. Non-Current Liabilities - Other

Other creditors	**229,057**	229,057

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	CONSOLIDATED	
	2013	2012
	$	$

16. *Contributed Equity*

(a) Issued capital

	2013 $	2012 $
Ordinary shares fully paid	**51,610,922**	51,570,922

		2013		2012	
	Notes	**Number of Shares**	**$**	Number of Shares	$
(b) Movements in ordinary share capital:					
Beginning of the financial year		**1,719,569,989**	**51,570,922**	1,403,715,440	50,650,858
Share placement - August 2011	(i)	**-**	**-**	133,890,649	401,672
Share placement - November 2011	(ii)	**-**	**-**	175,630,567	526,892
Share placement - December 2011	(iii)	**-**	**-**	6,333,333	19,000
Share placement - February 2013	(iv)	**13,333,333**	**40,000**	-	-
Less capital raising costs		**-**	**-**	-	(27,500)
		1,732,903,322	**51,610,922**	1,719,569,989	51,570,922

(i) Placement of 133,890,649 shares at 0.3 cents
(ii) Placement of 175,630,567 shares at 0.3 cents
(iii) Placement of 6,333,333 shares at 0.3 cents
(iv) Placement of 13,333,333 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 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

16. 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 2013 totals $2,661,520 (2012: $2,887,645). 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.

17. Reserves

	CONSOLIDATED 2013 $	2012 $
Foreign currency translation reserve	**35,976**	36,066

Foreign currency translation reserve

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

18. Cash Flows Statement Information

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

	2013 $	2012 $
Profit / (loss) from ordinary activities after income tax	**24,025**	(1,622,232)
Depreciation of non-current assets	**5,558**	59,084
(Profit) / loss on disposal of non-current assets	**(10,460)**	(19,012)
Impairment of plant and equipment	**2,795**	306,310
Change in assets and liabilities		
Decrease/(increase) in trade and other debtors	**(743,779)**	(225,787)
Decrease/(increase) in inventories	**(123,300)**	72,624
Decrease/(increase) in other assets	**-**	2,443
(Decrease)/increase in trade and other creditors	**1,103,797**	353,144
(Decrease)/increase in provisions	**29,756**	40,583
Net cash flow used in operating activities	**288,392**	(1,032,843)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	CONSOLIDATED	
	2013	2012
	$	$

19. *Expenditure Commitments*

	2013 $	2012 $
Lease Commitments		
Operating leases (non – cancellable)		
Minimum lease payments		
- not later than one year	**-**	38,250
- later than one year but not later than 5 years	**-**	-
Aggregate lease expenditure contracted for at balance date	**-**	38,250

20. *Employee Benefits*

	2013 $	2012 $
Employee Benefits		
The aggregate employee entitlement liability is comprised of:		
- Provision (current)	**283,182**	253,426
- Provision (non-current)	**-**	-
	283,182	253,426

Employee numbers	**Number**	Number
Average number of employees during the financial year	**5**	5

	CONSOLIDATED	
	2013	2012
	$	$

21. *Remuneration of Auditors*

	2013 $	2012 $
Audit and review of financial reports	**40,000**	37,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22. *Contingent Liabilities*

The Group did not have any contingent liabilities as at 30 June 2012 or 30 June 2013.

23. *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	Managing director
R Tham	Non executive director
M Walsh	Non executive director *(resigned 5 July 2013)*
E Lau	COO and Company Secretary

(ii) Key Management Personnel Compensation

	CONSOLIDATED	
	2013	2012
	$	$
Short term employee benefits	**392,309**	392,309
Post employment benefits	**33,057**	33,057
Share based payments	**-**	-
	425,366	425,366

(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	
	2013 Number	2012 Number	**2013 Number**	2012 Number
Alvin Phua*	**34,477,395**	31,477,395	-	-
Raphael Tham	**12,479,844**	12,479,844	-	-
Michael Walsh *(resigned 5 July 2013)*	**8,750,122**	8,750,122	-	-
Ethel Lau**	**488,839,983**	488,839,983	-	-
	544,547,344	541,547,344	-	-

* Held by APEL Pacific Group Pty Ltd in which Alvin Phua has a controlling interest.
** Held by Ethel Lau Superannuation Fund.

23. Related Parties and Key Management Compensation (continued)

(iv) Interests in Controlled Entities

Name of Entity	Country of incorporation	Class of Shares	Equity holdings	
			2013 %	2012 %
Byte Power Pty Ltd*	Australia	Ordinary	100	100
Power Tech Systems Pty Ltd*	Australia	Ordinary	100	100
Byte Power Technologies Pty Ltd**	Australia	Ordinary	-	100
Byte Power Technologies Inc^	USA	Ordinary	100	100
Willhart Facility Solutions 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	-

* 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.

**Byte Power Technologies Pty Ltd was placed into liquidation on 25 January 2013. As control of the company was lost on this date, a gain on deconsolidation of $163,758 has been recognised in the statement of comprehensive income.

24. 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:

<u>Loans</u>
A director Mr Alvin Phua has a substantial interest in APEL Pacific Group Pty Ltd. APEL Pacific Group Pty Ltd provided vendor finance to Willhart Limited (now Byte Power Group Limited) pursuant to a loan agreement dated 26 November 2002 for $3,400,000 (Tranche 1 amount), $1,500,000 (Tranche 2 amount) to enable Willhart Limited to complete the Share Sale Agreement. APEL Pacific Group Pty Ltd also provided vendor finance to Willhart Limited 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 $337,737 (2012: $336,842). As at 30 June 2013, the outstanding loan balance was $1,919,014 (2012: $1,919,014) after repayments during the year of $286,923 (2012: $239,540). Interest outstanding as at 30 June 2013 totals $1,039,503 (2012: $988,647).

24. Related Party Transactions (continued)

Wholly-Owned Group transactions

The wholly owned group consists of Byte Power Group Limited and its wholly owned controlled entities Power Tech Systems Pty Ltd, Byte Power Pty Ltd, Byte Power (HK) Ltd, Byte Power (Chongqing) Information Technology Ltd, Byte Power Pte Ltd, Wine Power Pty Ltd, Wine Power Pte Ltd (incorporated on 30 July 2013) and other non-operating companies.

25. 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:

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

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

e-Kiosks
Development and implement e-kiosk solutions in China.

During the year, due to the minimal operations of entities in this segment, the Directors are of the opinion that this segment is no longer to be considered an operating segment. As such, results for 2013 have been included in the 'Other' segment.

Asian Business Division
Supplementing the existing e-Kiosk project in China. 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.

The following is an analysis of the revenue and results for the years ended 30 June 2013 and 30 June 2012, analysed by operational segment.

Segment

Operating segment	Power Management		IT&T		Asian Business Division		Other		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Revenue										
Sales to customers outside the consolidated entity	**158,222**	109,780	**4,674,064**	1,150,235	**1,407,441**	325,168	**-**	192	**6,239,727**	1,585,375
Other revenues from customers outside the consolidated entity	**14,022**	49	**(8,790)**	-	**(8,996)**	24,693	**206,326**	1,224	**202,562**	25,966
Total segment revenue	**172,244**	109,829	**4,665,274**	1,150,235	**1,398,445**	349,861	**206,326**	1,416	**6,442,289**	1,611,341
Results										
Segment result	**47,390**	(44,967)	**494,451**	(51,916)	**436,861**	235,198	**(954,677)**	(1,760,547)	**24,025**	(1,622,232)
Income tax expense									**-**	-
Net Profit / (loss)									**24,025**	(1,622,232)
Assets										
Segment assets	**67,807**	87,374	**39,395**	3,168	**1,695,452**	835,603	**275,845**	142,769	**2,078,499**	1,068,914
Eliminations	**-**	-	**-**	-	**(623,929)**		**(75,777)**		**(699,706)**	-
Total consolidated assets	**67,807**	87,374	**39,395**	3,168	**1,071,523**	835,603	**200,068**	142,769	**1,378,793**	1,068,914
Liabilities										
Segment liabilities	**120,831**	(21,101)	**3,737,077**	7,421,987	**1,944,327**	1,490,789	**15,605,467**	11,570,375	**21,407,702**	20,462,050
Eliminations	**(90,223)**	157,893	**(2,938,913)**	(11,135,868)	**(1,724,965)**	(1,295,551)	**(8,482,301)**	(907,410)	**(13,236,402)**	(13,180,936)
Total consolidated liabilities	**30,608**	136,792	**798,164**	(3,713,881)	**219,362**	195,238	**7,123,166**	10,662,965	**8,171,300**	7,281,114
Other segment information:										
Depreciation and amortisation	**3,517**	2,138	**657**	855	**-**	1,865	**1,384**	54,226	**5,558**	59,084

26. Earnings per Share

	CONSOLIDATED	
	2013	2012
	$	$
The following reflects the income and share data used in the calculation of basic and diluted earnings / (loss) per share:		
Loss from ordinary activities	**24,025**	(1,622,232)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**1,724,903,322**	1,622,990,841

27. Subsequent Events

On 5 July 2013, Mr Michael Walsh resigned as Director of Byte Power Group Ltd and its subsidiaries. Mr Howard Shi was subsequently appointed as Director of Byte Power Group Ltd on 5 July 2013.

Byte Power Group Ltd incorporated a foreign subsidiary Wine Power Pte Ltd on 30 July 2013 to manage the wine operations in Singapore and South East Asia.

No other matter or circumstance has arisen since the end of the financial year that has significantly affected, or may affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years.

28. 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 minimises concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers that are concentrated in Australia. The Group is not materially exposed to any individual customer.

(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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

28. Financial Instruments (continued)

	Weighted average interest rate	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 $
2013						
Financial assets						
Cash and cash equivalents	-	181,259	-	-	-	181,259
Receivables	-	1,001,926	-	-	-	1,001,926
		1,183,185	-	-	-	1,183,185
Weighted average interest rate %			-	-	-	
Financial liabilities						
Trade and other creditors	-	5,226,598	-	-	-	5,226,598
Converting loans	8.0%	-	-	513,449	-	513,449
Loans from director related entity	11.6%	-	1,919,014	-	-	1,919,014
Other loans	-	-	-	-	-	-
		5,226,598	1,919,014	513,449	-	7,659,061
Weighted average interest rate %			11.6%	8.0%	-	
2012						
Financial assets						
Cash and cash equivalents	-	85,354	-	-	-	85,354
Receivables	-	258,147	-	-	-	258,147
		343,501	-	-	-	343,501
Weighted average interest rate %			-	-	-	
Financial liabilities						
Trade and other creditors	-	4,140,043	-	-	-	4,140,043
Converting loans	8.0%	-	-	496,207	-	496,207
Loans from director related entity	11.6%	-	1,919,014	-	-	1,919,014
Other loans	12.0%	-	-	243,367	-	243,367
		4,140,043	1,919,014	739,574	-	6,798,631
Weighted average interest rate %			11.6%	9.3%	-	

28. Financial Instruments (continued)

(c) Sensitivity analysis

The Group's management of its exposure to interest rates is predominantly through non-interest bearing liabilities and liabilities with fixed interest rate arrangements. Therefore any movement in interest rates is considered not to have a material impact upon the Group's financial performance and equity position.

29. 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 (Chongqing) Information Technology Ltd 33-11, 7 Qing Nien Lu Yu Zhong District Chongqing, China
	Byte Power Pte Ltd Wine Power Pte Ltd 149 Rochor Road #05-01 Fu Lu Shou Complex Singapore 188425

DIRECTORS' DECLARATION

The Directors of the company declare that:

(a) the financial statements and notes, as set out on pages 21 to 47 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards; *and*
- (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date;
- (iii) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) the Chief Executive Officer and Chief Financial Officer (or equivalent) have each declared that:

- (i) the financial records of the Company and consolidated entity for the year ended 30 June 2013 have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- (i) the financial statements and notes for the financial year ended 30 June 2013 comply with the Accounting Standards; *and*
- (ii) the financial statements and notes for the financial year ended 30 June 2013 give a true and fair view.

(c) in the Directors' opinion, on the basis of the Company's and the Group's ability to secure the arrangements and facilities noted in Note 1(a), and the generation of future profits, the Directors believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board

Alvin Phua
Chairman

Brisbane, 30 September 2013

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, which comprises the statements of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and 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 consolidated entity 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the Directors also state, in accordance with 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.

Lawler Hacketts Audit
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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 is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2013 and of their 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 2013, the consolidated entity has recorded a net current asset deficiency of $4,664,711 (2012: $4,737,509) and net liabilities of $6,792,507 (2012: $6,856,442). These conditions, 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 consolidated entity's ability to continue as a going concern and therefore, the consolidated entity 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 on pages 10 to 12 of the Directors' Report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

Lawler Hacketts

Lawler Hacketts Audit

SJ Lindemann
Partner

Brisbane, 30 September 2013

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SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 17 September 2013.

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	191
5,001 – 10,000	93
10,001 – 100,000	172
100,001 and over	214
	893

There were 701 holders of less than a marketable parcel of 166,667 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:

Name	Ordinary shares	
	Number Held	Percentage of issued shares
Ethel Lau <Ethel Lau Superannuation Fund A/C>	488,839,983	28.21
Li Baorong	175,630,567	10.14
Mr Yaoqing Chen	133,775,649	7.72
Mr Jing Liao	100,700,000	5.81
Ka Chun Dickson Chan	71,400,000	4.12
Pershing Australia Nominees Pty Ltd	60,013,648	3.46
Mr Boon Kheng Ong	53,540,000	3.09
Mr Chris Carr + Mrs Betsy Carr	50,000,000	2.89
Tech Pacific Australia Pty Limited	38,220,860	2.21
Mr Kenneth King	26,815,363	1.55
Mr Tze-Fai Yuen	23,959,021	1.38
APEL Pacific Group Pty Ltd <The APEL Family A/C>	22,727,273	1.31
UOB Kay Hian Private Limited <Clients A/C>	17,677,035	1.02
Yan Hartono	16,800,000	0.97
Yano Lim + Susanty Lim <The Lim Superannuation A/C>	15,000,000	0.87
Logistic Web Services Limited	13,369,670	0.77
Mr Huat Lai Lee Ms Ai Wah Lee	12,500,000	0.72
Mr Raphael Tham	12,479,844	0.72
Ms Choo Seet Ee	12,457,334	0.72
Monterra Pty Ltd	11,460,000	0.66
	1,357,366,247	78.33

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	28.21
Li Baorong	175,630,567	10.14
Mr Yaoqing Chen	133,775,649	7.72

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 (Chairman, Chief Executive Officer)
Raphael Tham
Howard Shi

Company Secretary

Ethel Lau

Registered Office

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email: info@bytepowergroup.com
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Solicitors

Hopgood Ganim Lawyers
Level 8, Waterfront Place, 1 Eagle Street
BRISBANE QLD 4000

Auditors

Lawler Hacketts Audit
Level 3, 549 Queen Street
BRISBANE QLD 4000

Share Registry

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