

**Byte Power Group Limited
(ACN 009 268 571)
and Controlled Entities**

COMMENTARY ON RESULTS

Your Directors submit the preliminary final report for Byte Power Group Limited (“the company”) and the entities it controlled at the end of, or during, the year ended 30 June 2010.

Directors

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

Alvin Phua
Raphael Tham
Michael Walsh

Review of Operations

Summary

Revenues from ordinary activities in the financial year ending June 2010 were \$0.898 million compared to \$0.833 million in the financial year ending June 2009.

The net loss for the year was \$1.767 million compared to \$1.955 million over the same period. The EBITDA loss for the year was \$1.158 million compared with \$1.175 million. Sales revenue has increased slightly this year compared to last financial year and our bottomline improved due to maintaining profit margin and at the same time managing overheads of the Group.

The Company has gained the support of its shareholders, creditors and all the directors of the Company to convert their debts to equity after resolutions were passed at the AGM held on 30 November 2009. With the improvement in bottomline and the conversion of debts, the net liability position of the Company has reduced from \$6,682,969 to \$4,747,143.

In China, there has been a new development with the roll out of the e-kiosks in Chongqing that affects both the issuance of new site licence and advertising revenue. The government policy on outdoor advertising has changed. The local government has removed all of the unsightly advertising panels and has reduced the total outdoor advertising space by 600,000 sq m. In future the total outdoor advertising space for the whole of Chongqing will be kept around 100,000 sq m which makes advertising space more valuable and in greater demand. This change is consistent with the Chongqing government’s plan to improve the outlook of Chongqing to become an international city.

In view of this policy change, the Company has recently teamed up with Chongqing Sanxia Books and Periodicals Media Co. Limited, an entity majority owned by Chongqing Post, the Chongqing arm of the State Post Bureau of the People’s Republic of China (or more commonly known as “China Post”), to provide marketing and advertising services in the city of Chongqing.

With this new partnership, Byte Power Chongqing can now provide a full range of advertising opportunities including outdoor, newspaper, magazines and through electronic terminals. We can offer editorials and interviews as Sanxia manages more than 9,000 different newspapers, periodicals and magazines which represents more than 70% of the retail newspaper and magazine market in Chongqing City.

This new agreement will enable customers of Byte Power Chongqing, through its subsidiary BPCQ to access all of Sanxia's existing 300 outlets plus up to an additional 300 outlets before 1st October for advertising over the next three years.

The Sanxia partnership is one of many opportunities the Group is working on while actively seeking new opportunities strategically aligned with the Group's activities.

In terms of the issuance of the new site licence, the new policy has not yet been released hence has affected the speed of our e-kiosk rollout.

The progress on the completion of the acquisition of the 60 kiosks has also been delayed and affected by this policy change as new rules are being put in place within the kiosk industry throughout the city.

This year's trading business has improved compared to 2009 results whilst the trading environment remains extremely competitive.

Comments on the Group's operations and results

Detailed results are as follows:

Year ended 30 June 2010	2010 \$'000	2009 \$'000	% change
Revenue from ordinary activities	898	833	8%
EBITDA	(1,158)	(1,175)	1%
Depreciation/Amortisation	<u>(79)</u>	<u>(98)</u>	19%
EBIT	(1,237)	(1,273)	3%
Financial costs	<u>(530)</u>	<u>(681)</u>	22%
Operating profit/(loss) before income tax	(1,767)	(1,955)	10%
Income tax expense	<u>-</u>	<u>-</u>	
Net profit/(loss)	<u>(1,767)</u>	<u>(1,955)</u>	10%

Business Unit Results are set out below:

	Revenues		Results	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Business Unit:				
Byte Power Group Limited	0	4	(1,539)	(1,651)
Byte Power Pty Ltd	479	278	(69)	68
Byte Power Technologies Pty Ltd	117	15	38	(101)
Power Tech Systems Pty Ltd	274	422	43	41
Other	28	114	(240)	(312)
	898	833	(1,767)	(1,955)
Tax expense			-	-
Net loss after tax			<u>(1,767)</u>	<u>(1,955)</u>

Outlook

The Byte Power Group continues to focus on opportunities with the potential of increasing profitability and generating cash flow for the Company in the short term while working towards growing sustainable businesses in the long run.

In the China market the new partnership with Sanxia Books and Periodicals Media Limited, our subsidiary in Chongqing will have immediate access to 300 retail platforms and up to an additional 300 outlets before 1st October 2010. This will enable the Company to continue to pursue relevant businesses such as marketing and pursue advertising revenue aggressively. There will also be opportunities to supply e-solutions and terminals to the existing group of outlets through this partnership with Sanxia Books and Periodicals Media Limited.

Having a presence in China for many years, the Group is focused on continuing to grow the business by leveraging on the strengths of its existing vast network built both locally and overseas to take advantage of emerging opportunities in China in the years to come.

Synergistic acquisition and new business opportunities will be actively pursued by the Group as they become available.

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



Alvin Phua
Chairman & CEO
Brisbane, 31 August 2010

Appendix 4E

Preliminary Final Report

1. Company details

Name of entity

BYTE POWER GROUP LIMITED

ABN or equivalent company reference

80 009 268 571

Full year ended ('current period')

30 June 2010

Full year ended ('previous period')

30 June 2009

2. Results for announcement to the market

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

Extracts from this report for announcement to the market (see note 1).					
					Current period \$A
2.1	Revenues from ordinary activities	up	8 %	to	898,098
2.2	Profit (loss) from ordinary activities after tax attributable to members	Improvement	10 %	to	(1,767,319)
2.3	Net profit (loss) for the year attributable to members	Improvement	10 %	to	(1,767,319)
2.4	Dividends (distributions)	Amount per security		Franked amount per security	
	Interim dividend declared	Nil ¢		Nil ¢	
The Directors do not propose to pay any dividend for the year.					
2.5	Record date for determining entitlements to the dividend	Not applicable			
2.6	Brief explanation of any figures in 2.1 to 2.4 necessary to enable the figures to be understood				

3. NTA backing

	Current period - A cents	Previous corresponding period - A cents
3.1	Net tangible asset backing per ordinary security	(0.41) (1.54)
3.2	Brief explanation of any figures necessary to enable the figures to be understood	

4 Changes in group structure

4.1 Control gained over entities	
Name of entity (or group of entities)	Not applicable
Date control gained	Not applicable
Contribution of such entities to the reporting entity's profit (loss) from ordinary activities during the period (where material).	Not applicable
Profit / (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	Not applicable

4.2 Loss of control of entities	
Name of entity (or group of entities)	Not applicable
Date control lost	Not applicable
Contribution of such entities to the reporting entity's profit / (loss) from ordinary activities during the period (where material).	Not applicable
Consolidated profit / (loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	Not applicable

5. Dividends

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

6. Dividend reinvestment plans

6.1 The dividend or distribution reinvestment plans shown below are in operation.	
	Not applicable
The last date for receipt of election notices for the dividend or distribution plans	Not applicable

7. Details of associates and joint venture entities

Name of Entity	Entity's percentage holding in each of these entities		Entity's investment in each of these entities	
	Current Period %	Previous Corresponding Period %	Current Period \$A	Previous Corresponding Period \$A
Not applicable				
Groups' aggregate share of associates' and joint venture entities' profits / (losses) (where material). Profit (loss) from ordinary activities before tax Income tax on ordinary activities Net profit (loss) Adjustments Share of net profit (loss) of associates and joint venture entities.			Current Period \$A	Previous corresponding period - \$A
			-	-
			-	-
			-	-
			-	-
			-	-


8. Foreign entities

For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International etc.)
The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E, Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

The consolidated entity's financial report for the year ended 30 June 2010 is yet to be audited.

The Directors anticipate that the independent auditor's report on the consolidated entity's financial report for the year ended 30 June 2010 to contain a qualification relating to the preparation of the financial report on a going concern basis.

Sign here:



 (Company Secretary)
 Ethel Lau

Date: 31-Aug-10

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	30 JUNE 2010	30 JUNE 2009
	A\$	A\$
Continuing operations		
Revenues	898,098	832,726
Changes in inventories of finished goods and work in progress	16,212	(95,772)
Raw materials and consumables used	(550,634)	(155,012)
Depreciation and amortisation expenses	(79,176)	(98,102)
Borrowing cost expenses	(530,220)	(681,028)
Salaries and employee benefits expenses	(598,492)	(864,629)
Directors' fees	(106,561)	(132,922)
Rent and outgoings	(153,051)	(178,395)
Travel, accommodation and entertainment	(138,332)	(177,107)
Consultants / Professional fees	(252,826)	(181,643)
Other expenses from ordinary activities	(272,339)	(222,443)
Profit/(loss) before related income tax	(1,767,321)	(1,954,327)
Income tax expense/(benefit)	-	-
Net profit/(loss)	(1,767,319)	(1,954,327)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(39,242)	-
Income tax relating to components of other comprehensive income	-	-
Total other comprehensive income for the period, net of tax	(39,242)	-
Total comprehensive income attributable to members of the parent	(1,806,561)	(1,954,327)
	cents per share	cents per share
Basic earnings per share	(0.21)	(0.47)
Diluted earnings per share	(0.21)	(0.47)

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

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	30 JUNE 2010 A\$	30 JUNE 2009 A\$
CURRENT ASSETS			
Cash and cash equivalents	8	63,944	15,905
Receivables		104,049	164,107
Inventories		157,466	141,254
Other		-	33,556
TOTAL CURRENT ASSETS		325,459	354,822
NON-CURRENT ASSETS			
Property, plant and equipment		925,556	922,380
Other		15,634	15,187
TOTAL NON-CURRENT ASSETS		941,190	937,566
TOTAL ASSETS		1,266,649	1,292,388
CURRENT LIABILITIES			
Payables	9	3,227,047	3,285,660
Interest bearing liabilities		43,272	7,669
Convertible notes / loans		466,000	2,466,000
Provisions		163,695	154,514
TOTAL CURRENT LIABILITIES		3,900,014	5,913,843
NON-CURRENT LIABILITIES			
Interest bearing liabilities		1,919,014	1,994,014
Convertible notes / loans		194,764	67,500
TOTAL NON-CURRENT LIABILITIES		2,113,778	2,061,514
TOTAL LIABILITIES		6,013,792	7,975,357
NET ASSETS		(4,747,143)	(6,682,969)
EQUITY			
Contributed equity	10	49,953,028	46,289,125
Reserves		39,243	-
Accumulated losses	2/3	(54,739,414)	(52,972,093)
TOTAL EQUITY		(4,747,143)	(6,682,969)

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

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Contributed equity A\$	Reserve A\$	Accumulated losses A\$	Total A\$
Balance at 1 July 2008	45,734,825	-	(51,017,767)	(5,282,942)
Loss for the period	-	-	(1,954,327)	(1,954,327)
Total other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(1,954,327)	(1,954,327)
Shares issued during the period	594,500	-	-	594,500
Share issue costs	(40,200)	-	-	(40,200)
Contribution by members	554,300	-	-	554,300
Sub-total	46,289,125	-	(52,972,093)	(6,682,969)
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2009	46,289,125	-	(52,972,093)	(6,682,969)
Balance at 1 July 2009	46,289,125	-	(52,972,093)	(6,682,969)
Loss for the period	-	-	(1,767,319)	(1,767,319)
Total other comprehensive income	-	39,242	-	39,242
Total comprehensive income	-	39,242	(1,767,319)	(1,728,077)
Shares issued during the period	3,677,903	-	-	3,677,903
Share issue costs	(14,000)	-	-	(14,000)
Contribution by members	3,663,903	-	-	3,663,903
Sub-total	49,953,028	39,242	(54,739,412)	(4,747,143)
Dividends paid or provided for	-	-	-	-
Balance at 30 June 2010	49,953,028	39,242	(54,739,412)	(4,747,143)

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

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	30 JUNE 2010 A\$	30 JUNE 2009 A\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,103,909	885,121
Payments to suppliers and employees		(1,911,717)	(1,788,634)
Interest received		250	3,473
Interest and other costs of finance paid		(82,900)	(80,386)
		<hr/>	<hr/>
Net cash provided by/(used in) operating activities		(890,458)	(980,426)
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(82,352)	(34,828)
Proceeds from sale of property plant & equipment		-	-
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		(82,352)	(34,828)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issues of securities (shares, option etc.)		1,042,518	594,500
Share issue costs		(14,000)	(40,200)
Proceeds from / (Repayment of) borrowings		-	253,650
Payment for lease liabilities		(7,669)	(16,954)
		<hr/>	<hr/>
Net cash provided by/(used in) financing activities		1,020,849	790,996
Net increase/(decrease) in cash held		48,039	(224,258)
Cash at beginning of year		<hr/> 15,905	<hr/> 240,163
Cash at end of year	8	63,944	15,905

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

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: BASIS OF PREPARATION

The preliminary final report has been prepared in accordance with ASX listing rules, the disclosure requirements of ASX Appendix 4E, Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The preliminary final report does not include all the notes of the type normally included in an annual report and should be read in conjunction with the annual report for Byte Power Group Limited for the financial year ended 30 June 2009, the December 2009 half-year report and any public announcements made by Byte Power Group Limited and its controlled entities during the year ended 30 June 2010 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in Byte Power Group Limited's annual report for the year ended 30 June 2009. Where appropriate, comparative information is reclassified to enhance comparability.

The preliminary final report was authorised for issue by the Directors on 31 August 2010.

Going Concern

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

The consolidated entity has incurred a loss from continuing operations after tax of \$1,767,322 (2009: \$1,954,326) for the year ended 30 June 2010. The consolidated entity was also in a net current liability position of \$3,574,555 (2009: \$5,559,021) as at 30 June 2010. There are also significant non-current liabilities.

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

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

It is on the basis of the consolidated entity's ability to secure the above arrangements, facilities and the generation of future profits, that the Directors have prepared the financial report on a going concern basis. In the event that the above arrangements and facilities are not entered into, there is significant uncertainty 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 preliminary 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.

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)****NOTE 2: REVENUES AND EXPENSES**

	2010 \$A	2009 \$A
Revenue streams:		
Sales	713,334	415,111
Service	173,829	395,279
Interest	250	3,473
Other relevant revenue	10,685	18,862
Revenue from ordinary activities	898,098	832,726
Expenses from:		
Power management	212,889	353,556
IT&T activities	610,134	297,071
ekiosks	282,221	404,351
Corporate activities	1,029,953	1,051,048
Expenses from ordinary activities	2,135,197	2,106,025
Finance costs	530,220	681,028
Profit / (loss) before income tax	(1,767,319)	(1,954,327)
Profit / (loss) before income tax includes the following specific net gains and expenses:		
(Profit) or loss on disposal of non-current assets	13,363	-
Amortisation	1,266	758
Depreciation	77,910	97,345

NOTE 3: INCOME TAX

The consolidated entity incurred a taxable loss for the financial year and is also in a income and capital tax loss carried forward position. As such, there has been no deferred tax assets recognised.

NOTE 4: DIVIDENDS

The company does not have any dividend or distribution reinvestment plans in operation. The Directors do not propose to pay any dividends for the year.

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)****NOTE 5: EARNINGS PER SHARE**

Weighted average number of ordinary shares
outstanding during the year used in the calculation of:

- (a) Basic EPS - cents per share
(b) Diluted EPS - cents per share

2010	2009
854,602,416	418,809,207
(0.21)	(0.47)
(0.21)	(0.47)

NOTE 6: NET TANGIBLE ASSETS

Net assets
Intangible assets

Net tangible assets

Number of shares on issue

NTA backing - cents per share

2010 \$A	2009 \$A
(4,747,143)	(6,682,969)
-	-
(4,747,143)	(6,682,969)
1,169,248,774	433,668,111
(0.41)	(1.54)

NOTE 7: SEGMENT INFORMATION

	IT&T	
	2010	2009
	\$A	\$A
Revenue	596,959	292,679
Result	(29,116)	(33,475)

Power Management	
2010	2009
\$A	\$A
274,289	421,818
42,712	41,243

	ekiosks	
	2010	2009
	\$A	\$A
Revenue	26,586	114,245
Result	(255,636)	(290,106)

Corporate	
2010	2009
\$A	\$A
264	3,983
(1,525,279)	(1,671,989)

	Unallocated	
	2010	2009
	\$A	\$A
Revenue	898,098	832,726
Result	(1,767,319)	(1,954,327)

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010 (CONTINUED)****NOTE 8: RECONCILIATION OF CASH**

Reconciliation of cash at the end of the year (as shown in the consolidated cash flow statement) to the related items in the accounts is as follows :

Cash on hand and at bank
Bank overdraft
Deposits at call

Total cash at end of financial year

2010 \$A	2009 \$A
63,944	15,905
-	-
-	-
63,944	15,905

NOTE 9: PAYABLES

Trade creditors
Other creditors and accruals

2010 \$A	2009 \$A
796,776	806,378
2,430,271	2,479,282
3,227,047	3,285,660

NOTE 10: SHARE CAPITAL

Issued and paid up capital

2010 \$A	2009 \$A
49,953,028	46,289,125

Movement in share capital during the year

Opening balance
Shares issued
Share issue costs

Number		\$A	
2010	2009	2010	2009
433,668,111	384,126,442	46,289,125	45,734,825
735,580,663	49,541,669	3,677,903	594,500
-	-	(14,000)	(40,200)
1,169,248,774	433,668,111	49,953,028	46,289,125

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the financial year the group has entered an exclusive agreement with Chongqing Sanxia Books and Periodicals Media Co. Limited to provide marketing and advertising services in the city of Chongqing.

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