Beam Communications Holdings Limited
ABN 39 010 568 804

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30 October 2020

The Manager
Market Announcements Platform
Australian Securities Exchange

Notice of Annual General Meeting

Please find attached the Company's Notice of Annual General Meeting of shareholders, to be held on Monday 30 November 2020 at 10.00am (AEDST). The meeting will be held virtually via a webinar conferencing facility.

Included in the attached package are the following documents:

- 'Postcard' Notice of Annual General Meeting,
- Notice of Annual General Meeting,
- Explanatory Notes,
- Proxy Voting Form,
- 2020 Annual Report

The 'Postcard' Notice of Annual General Meeting was mailed or emailed to shareholders.

As explained in the "Postcard', the Notice of Annual General Meeting and accompanying documents are being made available for shareholders to access electronically.

A copy of the Annual Report for the year ended 30 June 2020 is attached here, it has been lodged with the ASX on 11 September 2020 and is available on the Company's website.

Yours faithfully

Dennis Payne
Company Secretary

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30 October 2020

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Beam Communications Holdings Limited ("Company") will be held virtually via a webinar conferencing facility at 10.00am (AEDST) on Monday 30 November 2020 ("General Meeting" or "Meeting").

In accordance with subsection 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No.1) 2020 made by the Commonwealth Treasurer on 5 May 2020, the Company will not be dispatching physical copies of the Notice of Meeting. Instead, the Notice of Meeting and accompanying explanatory statement ("Meeting Materials") are being made available to Shareholders electronically. This means that:

- You can access the Meeting Materials online at the Company's website www.beamcommunications.com/agm2020
- A complete copy of the Meeting Materials have been posted to the Company's ASX market announcements page at www.asx.com.au under the Company's ASX code "BCC".

As a result of the potential health risks and the Governments restrictions in response to the COVID-19 pandemic, shareholders are unable to attend in person. Shareholders must first register to attend the Meeting by webinar conferencing facility in accordance with the instructions contained in the Meeting Materials.

Please note that the webinar conferencing facility will not facilitate voting by shareholders at the Meeting. The Company therefore strongly recommends that Shareholders lodge a directed proxy as soon as possible in advance of the Meeting, even if they are planning to attend the Meeting online.

Yours faithfully

Dennis Payne
Company Secretary
Beam Communications Holdings Limited

BEAM COMMUNICATIONS HOLDINGS LIMITED

ACN 010 568 804

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2020 Annual General Meeting of Beam Communications Holdings Limited (*Company*) will be held virtually via a webinar conferencing facility on Monday, 30 November 2020 at 10.00am (AEDST) (*Meeting*).

AGENDA

A. Annual Report

To table the financial report of the Company and the related reports of the Directors and auditors for the year ended 30 June 2020 and to provide Shareholders with the opportunity to raise any issues or ask any questions generally of the Directors concerning the Annual Report or the business and operations of the Company.

B. RESOLUTIONS:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. **Re-election of Retiring Director**

   THAT **David Paul James Stewart**, a Director retiring by rotation in accordance with the Company's Constitution, being eligible and having offered himself for re-election, be re-elected as a Director of the Company.

2. **Adoption of Remuneration Report**

   THAT, for the purpose of section 250R(2) of the *Corporations Act 2001* (Cth) (*Corporations Act*) and for all other purposes, the Remuneration Report set out in the Directors' Report in the Annual Report for the financial year ended 30 June 2019 be adopted by the Company.

   This is a non-binding advisory resolution.

3. **Ratification of Issue of Placement Shares**

   THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 7,931,017 ordinary shares on 19 October 2020, as a portion of Tranche 1 of the capital raising announced on 12 October 2020, be ratified, on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.

4. **Approval for the Issue of Tranche 2 Placement Shares and Tranche 1 and Tranche 2 Attaching Options**

   THAT, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue and allotment of equity securities in a placement of 8,053,638 ordinary shares as Tranche 2 of the capital raising announced on 12 October 2020 and approximately 7,090,667 options as attaching options on the basis of 1 attaching option for every 3 shares issued under Tranches 1 and 2 on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.

5. **Approval for the Issue of Broker Options**

   THAT, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue and allotment of 1.5 million options to acquire ordinary shares of the Company to Peak Asset Management following their appointment as a corporate advisor, as announced on 12 October 2020, on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.

C. SPECIAL RESOLUTIONS:

To consider and, if thought fit, to pass the following resolution as a special resolution:

6. Approval for Additional Placement Capacity

THAT, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue and allotment of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.

DATED: 30 October 2020

By Order of the Board

……………………………………
Dennis Payne
Company Secretary

GENERAL NOTES

1. Zoom webinar meeting

Shareholders will only be able to attend the AGM via a Zoom webinar conferencing facility. Shareholders should register for the webinar by clicking on this link. The Company suggests that Shareholders register well in advance of the Meeting and log into the webinar 10 minutes before the 10.00am start time.

2. Voting at the meeting – not available for this AGM

The webinar conferencing facility will not facilitate voting by Shareholders at the Meeting. The Company therefore strongly recommends that Shareholders lodge a directed proxy as soon as possible in advance of the Meeting.

3. Voting by proxy

1.2.1 (**Appointing a Proxy**): A Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote for the Shareholder at the Meeting by way of the proxy form. A Shareholder who is entitled to cast 2 or more votes at the Meeting may appoint a second proxy. The appointment of the second proxy must be done on a separate copy of the proxy form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a Shareholder of the Company.

1.2.2 (**Direction to Vote**): If the proxy's appointment specifies the way to vote on a Resolution, and the proxy decides to vote in that capacity on that Resolution, the proxy must vote the way specified (subject to the other provisions of this Notice of Meeting, including the voting exclusions noted below).

1.2.3 **(Voting restrictions with respect to undirected proxies)**: The Corporations Act prohibits the Company's key management personnel and their closely related parties voting as proxy on Resolutions connected directly or indirectly with the remuneration of key management personnel (such as Resolution 2), if the proxy appointment does not specify the way the person is to vote. The prohibition does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise an undirected proxy. If a Shareholder appoints the Chairman of the Meeting as their proxy and the Shareholder does not direct the Chairman of the Meeting how to vote on Resolution 2 the Shareholder authorises the Chairman of the Meeting in respect of Resolution 2 to exercise the proxy:

1.2.3.1 notwithstanding that Resolution 2 is connected directly or indirectly with the remuneration of the Company's key management personnel; and

1.2.3.2 even if the Chairman of the Meeting has an interest in the outcome of the vote on Resolution 2, and that any votes cast by the Chairman of the Meeting in respect of Resolution 2, other than as proxy holder, will be disregarded because of that interest.

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised, having regard to the voting restrictions set out in this Notice of Meeting) in favour of each Resolution.

1.2.4 (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form (and attach any authority under which it is signed or a copy which appears on its face to be an authentic copy) by:

1.2.4.1 post to Beam Communications Holdings Limited, Unit 5, 8 Anzed Court, Mulgrave VIC 3170; or

1.2.4.2 email to the Company Secretary, dennis.payne@beamcommunications.com

so that it is received by 10.00 am (AEDST) on Saturday 28 November 2020, being not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

4. Corporate Representative

A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. Unless it has previously been given to the Company, the representative should provide evidence of their appointment to the Company prior to Meeting, together with any authority under which it is signed. The appointment must comply with section 250D of the Corporations Act.

5. Attorney

A Shareholder may appoint an attorney to vote on their behalf. To be effective for the Meeting, the instrument effecting the appointment (or a copy which appears on its face to be an authentic copy) must be received by the deadline for the receipt of proxy forms (see above), being no later than 48 hours prior to commencement of the Meeting.

6. Voting Entitlement

A determination has been made by the Board of Directors of the Company in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 that those persons who are registered as the holders of shares in the Company at 7.00 pm (AEDT) on Saturday 28 November 2020, will be taken to be the holders of shares for the purposes of determining voting entitlements.

7. Explanatory Notes

Explanatory Notes accompany this Notice containing information about the business referred to in this Notice of Meeting.

EXPLANATORY NOTES

The purpose of these Explanatory Notes (which are included in and form part of this Notice of Annual General Meeting to be held on 30 November 2020) is to provide Shareholders with further information and an explanation of the business of the Meeting and of the resolutions to be proposed and considered at the Meeting, to assist Shareholders to determine how they wish to vote on these resolutions.

ORDINARY BUSINESS

1. Annual Report

The Corporations Act requires that the Company's Annual Report which includes the Financial Statements, Directors' Report and Auditor's Report for the year ended 30 June 2020 be laid before the Annual General Meeting.

A copy of the Annual Report has been lodged with the ASX, is available on the Company's website and has been sent to those Shareholders who have elected to receive a copy.

Shareholders will have the opportunity to raise questions about the abovementioned reports at the Meeting, although in accordance with the Corporations Act and the Company's Constitution, there is no need for Shareholders to vote on, approve or adopt these reports.

2. Resolution 1 – Re-election of Retiring Director (David Paul James Stewart)

2.1 Background

Rule 16.1 of the Company's Constitution requires at least one third of the Directors to retire each year (by rotation). David Stewart retires this year in accordance with this rule and is permitted to seek re-election.

2.2 Director's Interest

Glenayr Pty Ltd holds 9,700,000 ordinary shares in the Company. Glenayr Pty Ltd is an entity associated and controlled by David Stewart. In addition, in his own name David Stewart holds another 1,205,000 ordinary shares and as such he holds 10,905,000 ordinary shares in the Company, representing 16.50% of the current issued share capital of the Company and is thereby regarded as a substantial holder of the Company.

2.3 Personal Particulars

David Stewart's personal particulars are set out in the information on Directors at page 5 of the Company's Annual Report.

2.4 Recommendation

The Directors recommend, with David Stewart abstaining from the recommendation, that Shareholders vote in favour of Resolution 1.

3. Resolution 2 – Adoption of Remuneration Report (Non-binding Advisory Resolution)

3.1 Annual Report

The Annual Report for the year ended 30 June 2020 contains a Remuneration Report (refer pages 10-17) which sets out the remuneration policy for the Company and reports remuneration arrangements in place for Directors and key management personnel.

The Corporations Act requires the agenda of an annual general meeting to include a resolution for the adoption of the Remuneration Report. Pursuant to section 250R(3) of the Corporations Act, the vote on the resolution is advisory only and is not binding on the Directors or the Company.

The Company's Annual Report is available on the Company website (www.beamcommunications.com) and will be mailed to Shareholders who request a copy.

At the Meeting, a reasonable opportunity will be allowed to the Shareholders for questions and comments on the Remuneration Report.

3.2 Voting Prohibition

A vote on Resolution 2 must not be cast by or on behalf of either of the following persons:

(a) a member of the key management personnel as disclosed in the Remuneration Report; and

(b) a closely related party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote on Resolution 2 in accordance with the direction on the proxy form.

3.3 Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 2.

4. Resolution 3 – Ratification of Issue of Placement Shares

4.1 Background

On 12 October 2020, the Company announced it had completed a capital raising of $5 million via an issue of securities to sophisticated, professional investors and other investors that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act (**Placement**). Under the Placement, fully paid ordinary shares were issued at a price of $0.25 per share, with attaching options, exercisable at $0.50, on the basis of one attaching option for every three shares subscribed for (**Attaching Options**). The Placement is to be conducted in two tranches; the initial placement under Tranche 1 raised $3.3 million, and consisted of shares issued on 19 October 2020 under the Company's existing placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A, with Tranche 2, to raise $2 million, being subject to Shareholder approval and consisting of further shares and all Attaching Options. Peak Asset Management (**Peak**) acted as lead manager to the Placement. Peak will be paid a lead manager fee of 6% of funds raised under the Placement.

4.2 Requirements of the ASX Listing Rules

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the total number of fully paid ordinary securities on issue 12 months before the date of the issue, except where an exception applies or with prior approval of members of the Company at a general meeting.

ASX Listing Rule 7.4 permits a listed company at a general meeting to subsequently approve an issue of securities made without prior Shareholder approval under Listing Rule 7.1 or 7.1A. Resolution 3 has been included in this Notice of Meeting to preserve the Company's ability to issue further shares under Listing Rule 7.1 by having Shareholders retrospectively approve the issue of that portion of Tranche 1 of the Placement which was issued under the Company's Listing Rule 7.1 placement capacity, being 7,931,017 shares.

4.3 Information required by Listing Rule 7.5

Pursuant to Listing Rule 7.5 and to enable Shareholders to ratify the issues of shares subject of Resolution 3, Shareholders are provided with the following information in respect of the issues:

(a) *Persons to whom the Company issued the shares*

The shares were issued to sophisticated, professional or other investors unrelated to the Company, that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act, who were identified and selected to participate in the Placement by Peak in its capacity as lead manager of the Placement. None of the recipients of shares under Tranche 1 of the Placement were persons who:

(i) either were prior to the issue or became subsequent to the issue:

(A) related party of the Company; or

(B) a member of the Company's key management personnel; or

(C) a substantial holder in the Company; or

(D) an adviser to the Company; or

(E) an associate of any such persons listed above; and

(ii) were issued more than 1% of the Company's issued capital under Tranche 1 of the Placement.

(b) *Number of and class of securities issued*

7,931,017 fully paid ordinary shares.

(c) *Date of issue of securities*

The shares subject of Resolution 3 were issued on 19 October 2020.

(d) *Terms of securities and agreements pursuant to which securities were issued*

The Shares were issued on the same terms as other fully paid ordinary shares on issue.

(e) *Issue price*

Shares subject of Resolution 3 were issued at a price of $0.25 (25 cents) per share.

(f) *Purpose of issue and use of the funds raised*

Funds raised by the issue of shares under Tranche 1 of the Placement will be used to:

(i) expand ZOLEO into new markets in Asia and Europe;

(ii) support appointment of new national retailers in Australia and focus on some direct opportunities for the use of satellite-reliant devices and technology in disaster relief and emergency management;

(iii) develop new Iridium CertusTM devices, with data speeds that are more than 35 times faster than the current generation of products; and

(iv) repay and terminate, well ahead of its expiry date, a high interest-bearing $US666,666 loan facility provided by SGV1 Holdings Limited.

4.4 Additional information required by Listing Rule 14.1A

In the event that Shareholders do not approve Resolution 3, the Company's placement capacity under Listing Rule 7.1 will be reduced by 7,931,017 until the earlier of subsequent Shareholder approval to ratify the issue or 12 months from the date of issue.

4.5 Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 3 by:

(a) persons who participated in the issue being approved; and

(b) any associates of those persons.

However, the Company need not disregard a vote if it is cast by:

(c) a person as proxy for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or

(e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and

  (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Resolution 4 – Approval for the Issue of Tranche 2 Placement Shares and Tranche 1 and Tranche 2 Attaching Options

5.1 Background

As detailed above at 4.1 and as announced on 12 October 2020, the Placement will be conducted in two tranches. The Company, having used all of its available placement capacity under Listing Rules 7.1 and 7.1A to issue the shares under Tranche 1 of the Placement, seeks Shareholder approval in order to issue shares under Tranche 2 of the Placement and the Attaching Options in respect of Tranche 1 and Tranche 2 of the Placement. As the Attaching Options are issued on the basis of 1 Attaching Option for every 3 shares subscribed for under the Placement, the number of Attaching Options to be issued pursuant to Resolution 4 is approximate, to allow for the effect of rounding.

5.2 Information required by Listing Rule 7.3

Pursuant to Listing Rule 7.3 and to enable Shareholders to approve the issue of shares and Attaching Options subject of Resolution 4, Shareholders are provided with the following information in respect of the issues:

(a) *Persons to whom the shares and Attaching Options will be issued*

The shares and Attaching Options will be issued to participants in the Placement, being sophisticated, professional or other investors unrelated to the Company, that fall within one or more of the classes of exemptions specified in section 708 of the Corporations Act and who are identified and selected to participate in the Placement by Peak as lead manager. No shares or Attaching Options will be issued to a person who:

  (i) is a:

    (A) related party of the Company; or

    (B) a member of the Company's key management personnel; or

    (C) a substantial holder in the Company; or

(D) an adviser to the Company; or

(E) an associate of any such persons listed above; and

(ii) would receive more than 1% of the Company's issued capital under Tranche 2 of the Placement.

(b) *Number of and class of securities to be issued*

8,053,638 fully paid ordinary shares and approximately 7,090,667 Attaching Options.

(c) *Date by which the securities will be issued*

The shares and Attaching Options under Tranche 2 will be issued as soon as practicable, and in any case within three months of the date of the Annual General Meeting.

(d) *Terms of securities and agreements pursuant to which securities were issued*

The shares issued under Tranche 2 of the Placement will be issued on the same terms and conditions and rank equally in all respects with the Company's existing fully paid ordinary shares. The Attaching Options are exercisable for one fully paid ordinary share in the Company each, at an exercise price of \$0.50 (50 cents), and will expire on 31 December 2022. The full terms and conditions of the Attaching Options are set out in Annexure A to these Explanatory Notes.

(e) *Issue price*

Shares subject of Resolution 4 will be issued at a price of \$0.25 (25 cents) per share. Attaching Options will be issued for no additional consideration as free attaching options, on the basis of 1 Attaching Option for every 3 shares subscribed for.

(f) *Purpose of issue and use of the funds raised*

Funds raised by the issue of shares under Tranche 2 of the Placement will be used to for the same purposes as funds raised by the issue of shares under Tranche 1 of the Placement, as described above at section 4.3(f). No funds will be raised from the issue of Attaching Options as they are issued as free attaching securities, and the Company does not have any specific intentions for the use of funds received on exercise of Attaching Options, and the Company presently considers that funds raised from the exercise of Attaching Options, being up to \$3,545,333.5 in the event that all of the Attaching Options are exercised, will be applied to the Company's general working capital.

5.3 Additional information required by Listing Rule 14.1A

In in the event that Shareholders do not approve Resolution 4, the Company will be required to issue the Tranche 2 shares and Attaching Options using its placement capacity under Listing Rules 7.1 and 7.1A, which may not be sufficient to complete such issue. In the event the Company is unable to issue the Tranche 2 shares and Attaching Options, it will be required to seek other means of funding the objectives listed above at 5.2(f).

5.4 Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 4 by:

(a) persons who are expected to participate in the issue being approved; and

(b) any associates of those persons.

However, the Company need not disregard a vote if it is cast by:

(c) a person as proxy for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or

(e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

   (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and

   (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. Resolution 5 – Approval for the Issue of Broker Options

6.1 Background

As announced on 12 October 2020, the Company has appointed Peak Asset Management as its corporate advisor, and agreed to issue to Peak 1.5 million options, having the same terms as the Attaching Options, as payment for corporate advisory services provided and to be provided to the Company. No other fees will be paid to Peak in the execution of its corporate advisory role.

6.2 Information required by Listing Rule 7.3

Pursuant to Listing Rule 7.3 and to enable Shareholders to approve the issue of options to Peak subject of Resolution 5, Shareholders are provided with the following information in respect of the issues:

(a) *Persons to whom the options will be issued*

The options will be issued to Peak Asset Management, the Company's corporate advisor, or its nominee/s.

(b) *Number of and class of securities to be issued*

1,500,000 options.

(c) *Date by which the options will be issued*

The options will be issued to Peak as soon as practicable, and in any case within three months of the date of the Annual General Meeting.

(d) *Terms of securities and agreements pursuant to which securities were issued*

The options to be issued to Peak will have identical terms to the Attaching Options as set out in full in Annexure A to these Explanatory Notes, including being exercisable for one fully paid ordinary share in the Company each, having an exercise price of $0.50 (50 cents), and expiring on 31 December 2022.

(e) *Issue price*

The options will be issued to Peak in lieu of cash consideration for corporate advisory services provided and to be provided to the Company.

(f) *Purpose of issue and use of the funds raised*

As the options will be issued as consideration for services provided and to be provided by Peak, no funds will be raised from the issue, and the Company does not have any specific intentions for the use of funds received on exercise of the options. The Company presently considers that funds raised from the exercise of options issued to Peak, being up to $750,000 in the event that all of the options are exercised, will be applied to the Company's general working capital.

6.3 Additional information required by Listing Rule 14.1A

In in the event that Shareholders do not approve Resolution 5, the Company will be required to issue the options to Peak using its placement capacity under Listing Rules 7.1, which may not be sufficient to complete such issue. In the event the Company is unable to issue the options to Peak, it will be required to negotiate other means of payment for corporate advisory services provided to the Company by Peak.

6.4 Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 5 by:

(a) Peak and its nominee/s, as persons expected to participate in the issue being approved; and

(b) any associates of those persons.

However, the Company need not disregard a vote if it is cast by:

(c) a person as proxy for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(d) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or

(e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and

  (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. Resolution 6 – Approval for Additional Placement Capacity (Special Resolution)

7.1 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A provides that an eligible entity may seek Shareholder approval from holders of its ordinary securities by special resolution to allow it to issue equity securities totalling up to 10% of its issued capital through placements over the 12 month period after the entity's annual general meeting at which the approval is obtained (***10% Placement Capacity***). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity is one that, as at the date of the relevant annual general meeting:

(a) is not included in the S&P/ASX 300 Index; and

(a) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300 million.

The Company is an eligible entity.

The effect of Resolution 6 will be to allow the Directors to issue equity securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the 12 month period after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The Company is now seeking Shareholder approval of Resolution 6 by way of a special resolution. Accordingly at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

Any equity securities issued under ASX Listing Rule 7.1A must be in the same class as an existing class of quoted equity securities. As at the date of this Notice, the Company has only one class of quoted equity securities on issue, being ordinary shares.

The exact number of equity securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

(A x B) - C

Where:

A = the number of shares on issue 12 months before the issue date or date of agreement to issue:

(i) plus the number of fully paid ordinary securities issued in the previous 12 months under an exception in ASX Listing Rule 7.2;

(ii) plus the number of partly paid ordinary securities that became fully paid in the previous 12 months;

(iii) plus the number of fully paid ordinary securities issued in the previous 12 months with approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4; and

(iv) less the number of fully paid ordinary securities cancelled in the previous 12 months.

B = 10%.

C = the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or date of agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

7.2 Information required by ASX Listing Rule 7.3A

(a) *Additional Information required by ASX Listing Rule 7.3A.6*

(i) The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at the previous Annual General Meeting held on 22 November 2019.

(ii) During the 12 month period leading up to the 2020 Annual General Meeting, the Company issued 5,287,345 fully paid ordinary shares under its placement capacity pursuant to Listing Rule 7.1A, representing 9.55% of the Company's total equity securities on issue at the commencement of that period.

(iii) The shares issued under Listing Rule 7.1A were issued on 19 October 2020 as a portion of Tranche 1 of the Placement to institutional and professional and sophisticated investors who participated in the Placement (as described above at section 4.1).

(iv) The shares issued under Listing Rule 7.1A were issued at a price of $0.25 (25 cents) per share, being a discount of 7.28% to the volume weight average price of the Company's shares on ASX over the 15-trading day period immediately prior to 8 October 2020, being the date on which the issue price was agreed, and a discount of 19.35% to the closing market price of the Company's shares on that date.

(v) The total cash consideration received by the Company for the shares issued under Listing Rule 7.1A was $1,321,836.25 which funds will be applied to purposes described above at section 4.3(f).

(b) *Minimum Price for future issues under the 10% Placement Capacity*

If the 10% Placement Capacity is used, the minimum price at which the equity securities may be issued is no less than 75% of the volume weighted average price of the Company's equity securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the equity securities are to be issued is agreed; or

(ii) if the equity securities are not issued within 10 ASX trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

(c) *Date of Issue*

If any equity securities are to be issued pursuant to the approval set out in Resolution 6, they will be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

(i) 12 months after the date of the Meeting;

(ii) the time and date of the Company's next Annual General Meeting; and

(iii) the date of approval by the Company's holders of ordinary shares of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(d) *Risk of voting dilution*

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing shares would be as shown in the table below.

The table below shows:

(i) the potential dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of shares and the current number of equity securities on issue as at the date of this Notice.

(ii) The table also shows the voting dilution impact where the number of shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of shares issued under 10% Placement Capacity.

	Dilution			
Number of shares on issue	**Number of shares issued under 10% Placement Capacity**	**Funds raised based on issue price of $0.150** **(50% decrease in current market price)**	**Funds raised based on issue price of $0.300** **(Closing price at market close on 29/10/2020)**	**Funds raised based on issue price of $0.600** **(50% increase in current market price)**
66,091,814 **(Current)**	6,609,181	$991,377	$1,982,754	$3,965,508
99,137,721	9,913,772	$1,487,065	$2,974,131	$5,948,263

(50% increase)				
132,183,628 * **(100% increase)**	13,218,363	$1,982,754	$3,965,508	$7,931,017

he number of shares on issue (variable A in the formula) could increase as a result of the issue of shares that do not require Shareholder approval (such as under a pro-rata rights issue or shares issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

- The current shares on issue are the shares on issue as at 29 October 2020.
- The issue price set out above is the closing price of the shares on the ASX on 29 October 2020.
- No options are exercised before the date of the issue of the equity securities.
- The Company issues the maximum possible number of equity securities available under the 10% Placement Capacity.
- The Company has not issued any equity securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- The calculations above do not show the dilution that may be caused to a particular Shareholder by reason of any issue of securities under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1, including dilution which may occur following issues of securities subject to approval under Resolutions 4 and 5.

Shareholders should note that there is a risk that:

(i) the market price for the Company's shares may be significantly lower on the issue date than on the date of the Meeting; and

(ii) the shares may be issued at a price that is at a discount to the market price for those shares on the date of issue.

(e) *Purpose of Issue under 10% Placement Capacity*

The Company may seek to issue equity securities under the 10% Placement Capacity for cash consideration only, which the Company may use towards acquisition of new assets or investments (including expenses associated with such acquisition) and/or general working capital.

(f) *Allocation under the 10% Placement Capacity*

The allottees of the equity securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of equity securities could consist of current Shareholders or new investors (or both).

The Company will determine the allottees at the time of the proposed issue under the 10% Placement Capacity, having regard to the following factors:

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

(iii) the effect of the issue of the equity securities on the control of the Company;

(iv) the Company's circumstances, including, but not limited to, its financial position and solvency;

(v) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

7.3 Voting Exclusion

As at the date of this Notice, the Company has not invited any existing Shareholders to participate in an issue of equity securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

7.4 Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

BEAM®

Beam Communications Holdings Limited ABN 39 010 568 804

Please return your Proxy forms to:
Beam Communications Holdings Limited
5 / 8 Anzed Court, Mulgrave,
Victoria, Australia 3170
Telephone: 03 8588 4500
ASX Code: BCC
Website: www.beamcommunications.com

APPOINTMENT OF PROXY

The webinar conferencing facility will not facilitate voting by Shareholders at the Meeting.

I/We being a member(s) of Beam Communications Holdings Limited and entitled to attend & vote hereby appoint

A The Chairman of the Meeting (mark box) ☐ **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate ☐

or, failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at **the Annual General Meeting of Beam Communications Holdings Limited to be held virtually via a webinar conferencing facility on Monday, 30 November 2020 at 10.00am (AEDST)** and at any adjournment of that meeting. **The webinar conferencing facility will not facilitate voting by Shareholders at the Meeting.** The Company therefore strongly recommends that Shareholders lodge a directed proxy as soon as possible in advance of the Meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the commencement of the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Important for Resolution 2: If the Chairman of the Meeting is your proxy or is appointed your proxy by default.
By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolution 2 as set out below and in the Notice of Meeting. **If you do not mark this box and you have not directed your proxy how to vote on Resolution 2, the Chairman of the Meeting will not cast your votes on Resolution 2 and your votes will not be counted in computing the required majority.**
If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Part B below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Resolution 2.

☐ The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 2.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolution 2 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolution 2 is connected directly or indirectly with the remuneration of a member of key management personnel.

ORDINARY RESOLUTIONS:

B To direct your proxy how to vote on any resolution please insert ☒ in the appropriate box below

	For	Against	Abstain*
Resolution 1 Re-election of Director, David Paul James Stewart	☐	☐	☐
Resolution 2 Adoption of Remuneration Report	☐	☐	☐
Resolution 3 Ratification of Issue of Placement Shares	☐	☐	☐
Resolution 4 Approval for the Issue of Tranche 2 Placement Shares and Tranche 1 and Tranche 2 Attaching Options	☐	☐	☐
Resolution 5 Approval for the Issue of Broker Options	☐	☐	☐

SPECIAL RESOLUTIONS:

C To direct your proxy how to vote on any resolution please insert ☒ in the appropriate box below

	For	Against	Abstain*
Resolution 6 Approval for Additional Placement Capacity	☐	☐	☐

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf and your votes will not be counted in computing the required majority.

D **SIGNATURE AND NAME OF SECURITYHOLDERS-THIS MUST BE COMPLETED**

Securityholder 1 (Individual) or Sole Director and Sole Company Secretary	Joint Securityholder 2 (Individual) or Director/Company Secretary (Delete one)	Joint Securityholder 3 (Individual) or Director
☐	☐	☐
Name:…………………………………………	Name:…………………………………………	Name:…………………………………………

Holding No (if known):………………………

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

How to complete this Proxy Form

1. Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note: you cannot change ownership of your shares using this form.

2. Appointment of a Proxy using this Form

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

3. Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4. Appointment of Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company or you may copy this form.

To appoint a second proxy you must:

(a) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) Return both forms together.

5. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, either security holder may sign.
Power of Attorney:	to sign under Power of Attorney, you must attach the instrument effecting the appointment (or a copy which appears on its face to be an authentic copy) to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below by 10.00am (AEDT) on Saturday 28 November 2020, being no later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged:

By posting to Beam Communications Holdings Limited as follows:
Beam Communications Holdings Limited
Unit 5 / 8 Anzed Court, Mulgrave,
Victoria, Australia 3170

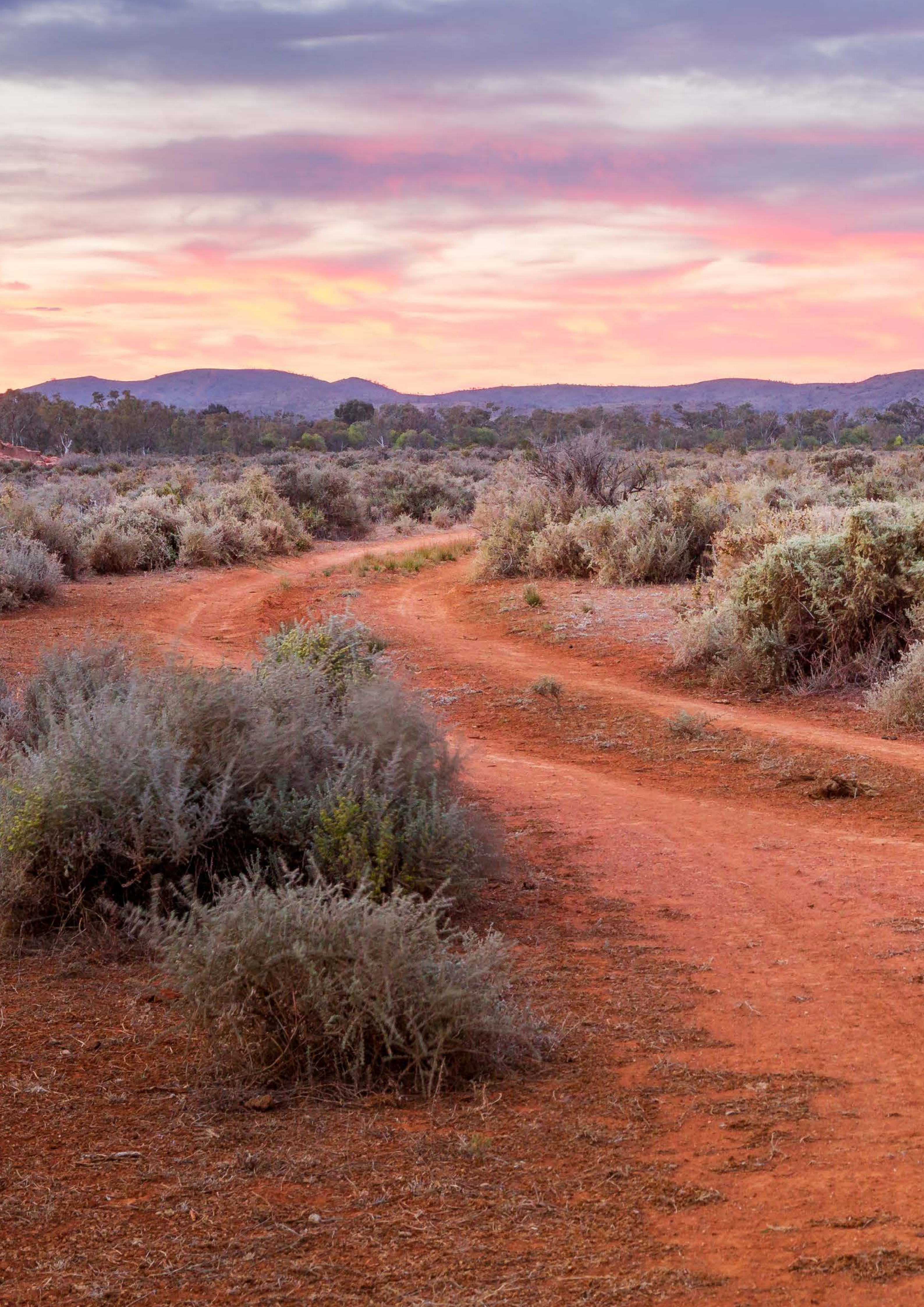
Or by email to the Company Secretary: dennis.payne@beamcommunications.com

Or by delivering it to the above address

ANNUAL REPORT 2020

Innovation Design Satellite M2M IoT

Beam Communications Holdings Limited



DIRECTORATE

NON EXECUTIVE CHAIRMAN
Mr Simon Lister Wallace

MANAGING DIRECTOR
Mr Michael Ian Capocchi

NON EXECUTIVE DIRECTORS
Mr Carl Cheung Hung
Mr David Paul James Stewart

COMPANY SECRETARY
Mr Dennis Frank Payne

REGISTERED OFFICE
Beam Communications Holdings Limited
Unit 5/8 Anzed Court
Mulgrave, VIC, 3170
Ph: (03) 8561 4200
Fax: (03) 9560 9055
Email: investor@beamcommunications.com

SHARE REGISTER
Link Market Services Ltd
Locked Bag A14
Sydney South, NSW, 1235
Ph: 1300 554 474
Fax: (02) 9287 0303

SOLICITORS TO THE COMPANY
GrilloHiggins Lawyers
Level 20, 31 Queens Street
Melbourne, VIC, 3000
Ph: (03) 8621 8880

AUDITOR
RSM Australia Partners
Level 21, 55 Collins Street
Melbourne, VIC, 3000
Ph: (03) 9286 8000
Fax: (03) 9286 8199

ASX OFFICE
Based in Melbourne

ASX CODE
BCC

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I am pleased to provide the following Chairman's Report on the Beam Communications Holdings Group of companies for the year ended 30 June 2020. While the full Directors' Report contains more extensive information, I would like to present the following highlights.

Profit Performance and Major Impacts

Beam has performed resiliently through what can only be described as one of the most challenging periods for the global economy in our generation. As directors, we regularly stress-test our operations but the onset of COVID19, and the restrictions that followed, were both unforeseeable and unique, however, we are pleased that we moved as swiftly and as selflessly as we did to respond to these unprecedented events. At all times we have sought to insulate the Group's exposure to these seismic changes to business activities world-wide.

Despite the severe economic dislocation caused by the COVID-19 pandemic, it is very reassuring to see that Beam's core businesses have continued to perform, the new ZOLEO solution is gaining traction and our balance sheet remains strong with $3.7 million currently available in cash and debt funding.

Group earnings before interest, tax, depreciation and amortisation (EBITDA) increased 43% over the previous year to $3.0 million in FY2020 even though revenue declined 16% to $14.9 million as the group cycled from a record high revenue in FY19 that was bolstered by a large Thuraya WE order and the impact of COVID-19 in FY20.

The improvement in Group EBITDA is largely driven by an increase in high-margin Airtime revenue, R&D tax refund and prudent cost control.

Beam also managed to produce a positive underlying net profit before tax of $453,130 (FY19: $722,000) and an underlying net profit after tax of $341,419 (FY19: $339,000) despite difficult trading conditions, particularly in April and May when Australia first went into lockdown to contain the virus and as key overseas markets struggled with escalating coronavirus cases. Gross revenues in these two months were around 30% to 35% below the same period in FY2019.

However, sales rebounded in the following month such that the June quarter revenue numbers were only 15% below those of the same period in 2019. What is also heartening is that the second, more severe, lockdown in Victoria has not impacted on Beam as significantly. Yes, conditions remain highly unpredictable, but we have controlled the controllables and can see the underlying business starting to recover.

This volatile environment prompted Beam to take the prudent measure of writing down $2 million in capitalised development expenses relating mostly to Thuraya WE. This one-off item led to a statutory net loss of $1.6 million for the year.

The official launch of our innovative and unique ZOLEO satellite messaging solution in late January in North America and Australia was the main highlight of FY2020. Beam received orders of 10,000 units in the second half of the financial year from the joint venture entity it set up with Roadpost Inc., a further order for 5,000 units in July and yet another order – the largest to date – received in September for 7,750 devices as we service burgeoning demand for this extremely competitive and highly regarded new product.

Most of those devices are earmarked for the North American market where demand has not been hindered as severely by restrictions on movement compared to Australia. Having said that, sales of ZOLEO in Australia have improved appreciably since May through direct sales to customers (from Satphone Shop, Amazon Australia and eBay Australia) and through an expanding network of dealers.

Beam also received the seventh order for its Iridium GO! device in FY2020, which is to be delivered in FY2021. This latest order of 5,000 units from NASDAQ-listed Iridium takes the total number of units ordered to 45,000 over the past six years.

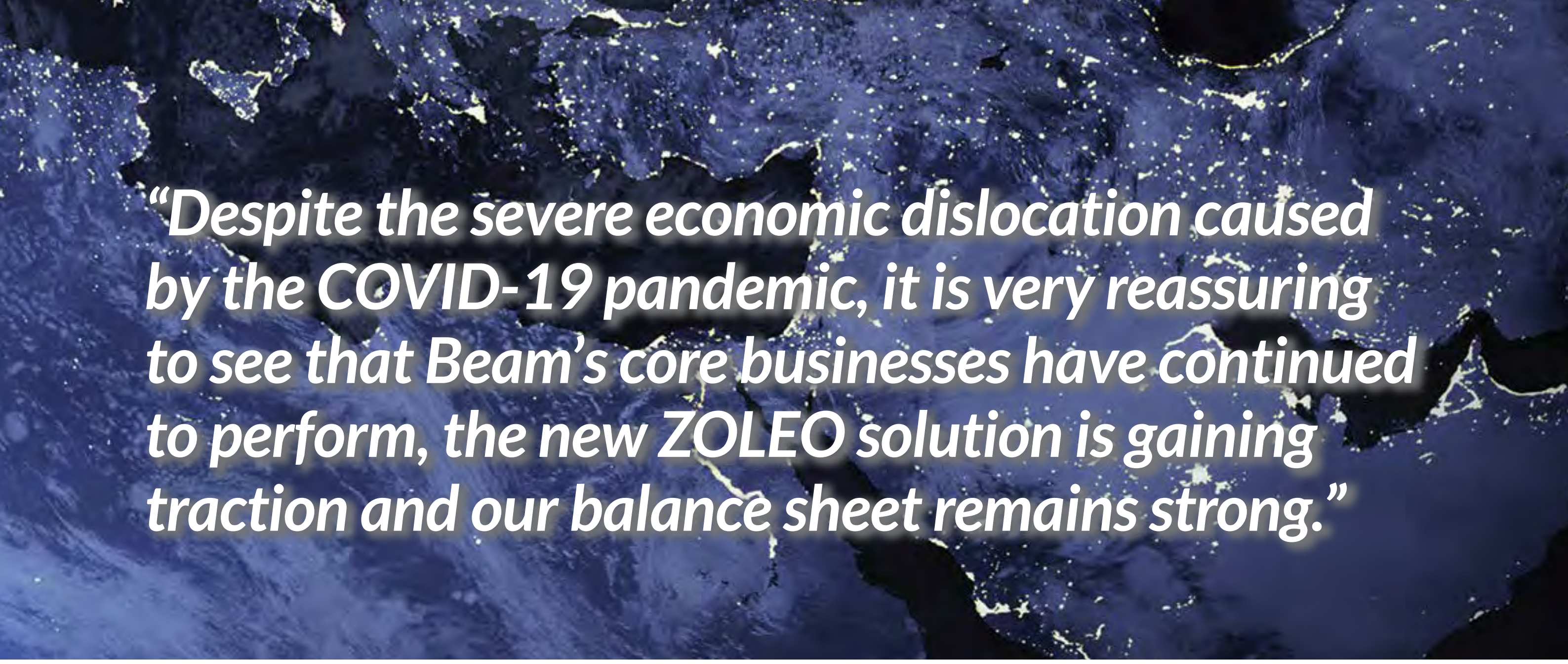
Beam was also the only Australian company, and only one of seven worldwide, chosen by Iridium to develop the next generation of Iridium Certus® devices, which have data speeds that are more than 35 times faster than the previous generation of Iridium transceivers.

Other notable highlights include repeat orders for Beam's Inmarsat terminals from reseller partner Station Satcom for India, which is a new market for Beam, and the signing of a global reseller agreement with Pivotel Satellite Pty Ltd.

Outlook

While no one could have predicted how challenging the last financial year was going to be, currently the FY2021 outlook is positive for Beam even as economic conditions remain highly volatile. There are a few reasons for the optimism.

Firstly, sales of ZOLEO are expected to continue to grow significantly over the next 12-months. The momentum achieved in the North American market provides us confidence that we will experience similar traction in the Australian market as social restrictions are ease, together with demand from other as-yet untapped markets globally. Other major Australian retailers are also anticipated to join the



ZOLEO reseller network, which already includes Cabela's in Canada. Cabela's is part of BPS Direct, LLC (Bass Pro Shops), which is the world's largest outdoor equipment retailer with 40,000 employees with an annual turnover of around US$8 billion.

Another growth opportunity for Beam is the development and launch of its Iridium Certus® devices. The first of these next-gen devices are anticipated to be launched in FY2022

Meanwhile, Beam's base business is also well positioned to grow organically over the next 12 months. Demand for Iridium GO! is expected to remain robust for the next few years at least, and Beam is expecting to receive new orders for the device from Iridium in the current financial year.

The opening of the Indian market to Inmarsat is likely to lead to further orders for Beam-branded terminals and accessories as these are the only devices, along with the Inmarsat handset, that are approved for sale using the Inmarsat GSPS service in India currently.

The continued strength and resilience of Beam's core business will help support the growth of ZOLEO and the development for Beam's Iridium Certus® devices in FY2021 and beyond.

While Beam has written down the entire development cost of Thuraya WE, we may still receive further orders from Thuraya for additional units to the 3,000 that were delivered in FY2019 as the Beam device remains the only dual mode (4G and satellite) hotspot in Thuraya's product portfolio.

Cash and Funding

Beam's cash holding at 30 June 2020 was $874,000 and had an additional $2.8 million in undrawn debt facilities. Subsequent to the end of FY2020, the National Australia Bank provided a new $500,000 term debt facility to Beam, giving the Group total available funds of $4.2 million at 30 June. The new term facility is for three years with an interest rate of just 4.5%.

Beam also delivered a positive operating cash position in the last three quarters of FY2020, which is a pleasing result given the disruption caused by COVID-19 and additional investments in ZOLEO and other new product development projects.

The expenditure on major development projects in the financial year amounted to $2.4 million and Beam expects to receive the government's R&D tax rebate of $580,000 in October 2020. Beam benefited from the JobKeeper and BAS relief support packages, amounting to $332,500 in total for FY2020. Beam may not qualify for phase two of JobKeeper, which will commence in late September, as revenues may not be sufficiently below those recorded in the corresponding period in 2019, which is also a positive.

Directors and Investors

All directors of your Company hold shares in Beam Communications Holdings Limited. We, like you, have a personal interest in our future performance. The aggregated remuneration paid to non-executive directors was also reduced by over 70%, in response to the pandemic.

You can read more about all members of the board in the Directors' Report.

No new securities have been issued since September 2017.

Staff and Board

In these times, I cannot sufficiently express my admiration and appreciation for Beam's Board, senior management, and all our staff, who have remained focused and productive during this immensely uncertain and challenging time.

Often the strength of a business can only be properly tested when it's put under the greatest commercial tension, and that we have produced a year of robust underlying net profits and continued to deliver superior products to market with an increasing appetite for them, is to our collective and immense credit.

I thank you, as a Shareholder, for your support. The proportion of long-term owners of Beam shares who have reduced their holdings over this year has been miniscule, which is both an insight into and a validation of our strategy and performance.

I look forward to sharing with you more details of our progress over this financial year and wish you personal and professional health as we emerge from a period which none of us will ever forget.

Mr Simon Wallace
Chairman
Date: 11 September 2020

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2020.

DIRECTORS

The persons who have been a Director of the Company since the start of the financial year to the date of this report are:

Simon Lister Wallace
Michael Ian Capocchi
Carl Cheung Hung
David Paul James Stewart

The qualifications, experience and special responsibilities of each of the directors who held office during the year are:

Simon Lister Wallace

Non Executive Chairman

Age: 46

Simon Wallace is a corporate lawyer and, based in Melbourne, having previously been an equity partner of the largest law firm in the world, he is now the founder & Managing Partner of his own boutique legal practice.

Simon has extensive legal and commercial proficiency, with particular expertise in the areas of project finance, fundraising and corporate governance. He also has substantial professional experience in the areas of investment banking, structured and direct equity investments, product formulation and sales.

More recently, he was a director of ASX-listed Hastings Rare Metals Limited (now known as Hastings Technology Metals Limited) until November 2014.

Simon is admitted to practise as a barrister and solicitor of the Supreme Court of Victoria, the Federal Court of Australia and the High Court of Australia, and he holds degrees from the Australian National University in both Law and Commerce.

Simon has been a Director since 5 February 2015 and was elected Chairman on 22 December 2016.

Michael Ian Capocchi

Managing Director

Age: 49

Michael Capocchi has over 25 years' experience in the ICT industry and has held several senior management positions. Michael is based in Chicago, USA, which places him closer to the important centres for satellite communications in the USA and UK/Europe.

Michael joined Beam Communications Holdings Limited as the General Manager of the subsidiary, Beam Communications Pty Ltd, in 2003 and was appointed as Managing Director of Beam Communications Holdings Limited in March 2008.

Prior to joining Beam, Michael was the Regional Sales Director for Iridium Satellite LLC, directly managing the sales, distribution and channel management strategies for the Asia-Pacific region.

Michael has held senior management positions as the Sales and Marketing Director of Pacific Internet responsible for establishing the Australian operations of the company and with Optus Communications and Myer Stores Limited.

Michael Capocchi is an integral part of the Beam business, including managing the day to day operations of the group which occasions extensive domestic and international travel.

Carl Cheung Hung

Non Executive Director

Age: 36

Carl Hung has a Bachelor of Commerce degree from the University of British Columbia and an Executive Masters of Business Administration from University of Western Ontario's (UWO) Richard Ivey School of Business. He is a Six Sigma Black Belt certified by SGS. He is also a Certified Management Accountant.

Carl is President and CEO of Season Group International Inc, a global Electronic Manufacturing Services provider and full stack IoT solutions provider with a footprint in Hong Kong, China, Malaysia, Mexico and the UK.

Season Group has been the preferred contract manufacturer for Beam Communications Pty Ltd for several years and has been instrumental in rationalising Beam's manufacturing and supply processes. Carl has been a Director of Beam Communications Holdings Limited since 21 February 2013.

David Paul James Stewart

Non Executive Director

Age: 66

David Stewart is an experienced CEO and successful entrepreneur with more than 30 years in management and business leadership roles. David founded Banksia Technology Pty Limited in 1988 and successfully managed the company as a fast growing and highly profitable business. In 1996 he instigated the successful takeovers of a number of his competitors, including NetComm Limited, which was completed in November 1997. David assumed the role of CEO and Managing Director until retiring in December 2016. A year later David was appointed as a Non-Executive Director of NetComm Wireless Limited, a position he held until June 30, 2019 when NetComm was acquired by US-based Casa Systems.

In June 2016 David was recognised for his significant and valuable contribution to the Australian communications industry with the presentation of the Communications Ambassador 2016 award. The Australian Communications Ambassador award is the highest honour presented by ACOMMS Communications Alliance and CommsDay each year.

Since retiring, David began working with a number of tech startups in an advising and investing capacity. He was announced as Chairman for Pycom on July 1, 2017 and a Director of Beam Communications Holdings Limited on November 9, 2017, following investments in both. The start of 2018 saw David join the board of Lockbox Technologies and on August 14, 2019 he was announced as a board member for MyNetFone Group Limited.

Indemnification of Directors and Officers
During the year, the economic entity has paid premiums in respect of an insurance contract to indemnify it's directors and officers against liabilities that may arise from their positions. Directors and officers indemnified include the Company Secretary, all directors and all executive officers participating in the management of the economic entity.

Further disclosure required under section 300(9) of the Corporations Law is prohibited under the terms of the insurance contract.

Directorships of Other Listed Companies
David Stewart was a non-executive director of NetComm Wireless Limited until June 30, 2019 and has been a non-executive director of MyNetFone Group Limited (ASX:MNF) since August 14, 2019. No other director of Beam Communications Holdings Limited has been a director of a listed company in the three years immediately before the end of the financial year.

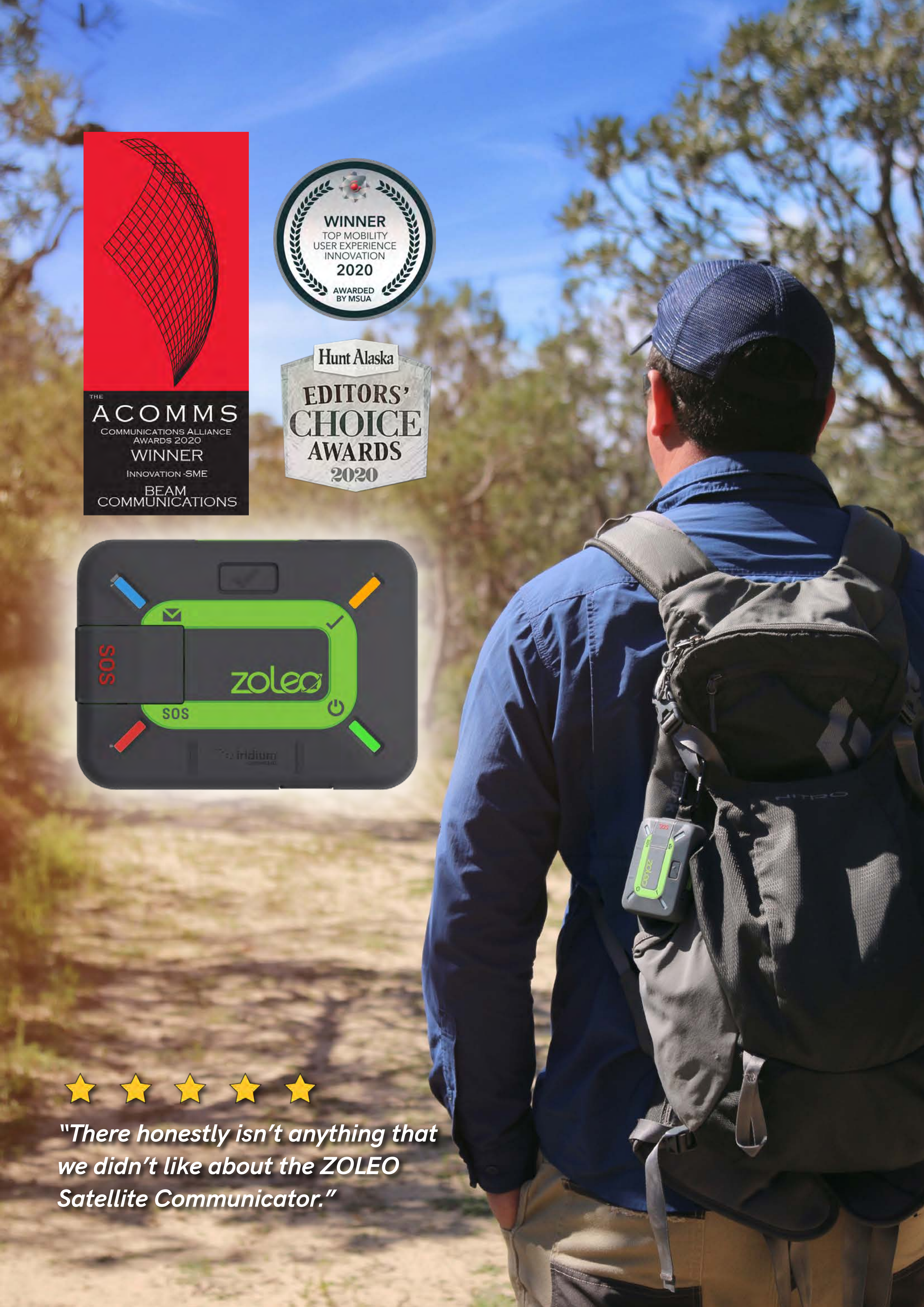
COMPANY SECRETARY

Dennis Frank Payne has held the position of Company Secretary since 2010. Dennis joined the Company in 2005 and has also served since that date as Chief Financial Officer.

Prior to joining Beam Communications Holdings Limited Dennis held senior financial and commercial roles at Cadbury Schweppes and Optus Communications. He has a Bachelor of Economics and is a qualified CPA.

PRINCIPAL ACTIVITIES

The activities of the company and its controlled entities during year were the development and marketing of a range of communication products and services, mainly satellite based.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iridium
"There honestly isn't anything that we didn't like about the ZOLEO Satellite Communicator."

OPERATING RESULTS AND REVIEW OF ACTIVITIES

The Consolidated Group reports a total comprehensive income (loss) of $(1,629,234) for the FY2020 year, on total revenue and other income of $16,841,164 (2019: total comprehensive income of $339,129 on revenue and other income of $18,520,528).

A summary of the result for the year is as follows:

	2020 $000	2019 $000
Revenue	14,923	17,777
Other income	1,918	744
Deduct		
Cost of goods sold, research & development, administrative, marketing and corporate expenses	13,832	16,417
Operating profit (loss) before amortisation, depreciation, interest and tax	3,009	2,104
Deduct		
Amortisation and impairment	4,311	1,179
Depreciation on fixed assets	53	63
Interest excluding notional	163	140
Profit (loss) before income tax	(1,518)	722
Tax (expense) / benefit	(112)	(383)
Net profit (loss) for the year	(1,629)	339
Total comprehensive income (loss) for the year	(1,629)	339

The FY2020 result without the application of AASB16 is immaterially different to the result shown in the above table.

Performance and Profit

Beam Communications Holdings Limited's results for the year ended 30 June 2020 were resilient despite being negatively impacted in the last quarter by the global COVID-19 pandemic as lockdowns and social restrictions across key markets impinged on demand for Beam's products.

Against this challenging backdrop, Beam recorded earnings before interest, tax, depreciation and amortisation (EBITDA) of $3.0 million (FY2019: $2.1m) and trading revenue of $14.9 million (FY19: $17.8m) for the 2020 financial year ended 30 June.

Beam's FY2019 record revenue was bolstered by a $3.85 million order for 3,000 Thuraya WE units. The Group did not receive a follow-on order in FY2020, and while Thuraya may still place further orders for the dual-band hotspot device in the current financial year, management decided it was prudent in this volatile environment to write-down the entire remaining capitalised development cost for the device.

This resulted in the Group's statutory net profit after tax (NPAT) declining to a loss of $1.6 million due to the net $1.1 million Thuraya WE write-down and a $0.8 million write off in respect to three discontinued projects, so that resources and priorities could be focused on major 'pay-off' projects: ZOLEO product enhancements and development of future Iridium Certus devices. Excluding these one-off impairments, Beam's underlying FY2020 NPAT was $341,419 (FY2019: $339,000).

Notwithstanding the Thuraya WE setback, Beam recorded growth in other areas of its business. Some of the year's highlights included:

- Delivered and invoiced 6,276 ZOLEO units in FY2020, another 16,474 units on order for shipment this financial year, with further orders expected.
- Delivered and invoiced 5,000 Iridium GO!® units to Iridium under its sixth order, with the seventh order to be delivered in FY2021, taking total orders of this ingenious product to 45,000 units. Further orders are expected during FY2021
- Increased sales orders for existing Beam and SatPhone Shop products, driven in part by the opening of the Indian market for the first time.

The principal activity of the Group during FY2020 continued to be the manufacture and global distribution of satellite communication terminals, docking units and handheld phone accessories.

The launch of ZOLEO in January of this year is particularly significant for Beam as the solution will generate royalties and recurring revenues for airtime subscriptions through the Group's part ownership of the Zoleo Inc. JV.

Demand for ZOLEO in the North American market is outstanding as the region has not been hindered by restrictions on movement to the same extent as Australia. Sales of ZOLEO in Australia have improved appreciably since May through direct sales to customers (from SatPhone Shop, Amazon Australia and eBay Australia) and through an expanding network of dealers.

The impact of COVID-19 was also felt in other parts of the business, particularly in April and May when Australia first went into lockdown to contain the virus, and as key overseas markets struggled with escalating coronavirus cases. Revenue in these two months were around 30% to 35% below the same period in FY2019.

However, revenue rebounded in the following month such that the June quarter was only 15% below that derived in the corresponding period of 2019. What is also heartening is that the second more severe lockdown in Victoria has not impacted on Beam's revenues as significantly as was sustained in the June quarter, although conditions remain highly unpredictable.

In spite of the sharp, but temporary impact from COVID-19, sales of Beam's base products (i.e. docking units, fixed terminals and accessories) in total still managed to reach the same levels as FY2019 with many items experiencing growth.

SatPhone Shop, Beam's 100% owned on-line retail business and Telstra dealership, also enjoyed a similar rebound. Revenue from this division in FY2020 increased 16% to $1.44 million, its highest on record.

The Group's profits were also bolstered by an increase in airtime revenue and management's quick and decisive cost control program, which was implemented at the onset of the pandemic.

Cash and Funding

Beam's cash holdings at 30 June 2020 were $874,000, supported by an additional $2.8 million in undrawn debt facilities. In the 12 months to 30 June 2020 the Group generated $1.3m cash inflow from trading activities net of all operating costs.

Subsequent to the end of FY2020, the National Australia Bank provided a new $500,000 term debt facility to Beam, which provided the Group with total available funds of $4.2 million. The new term facility is for three years with an interest rate of just 4.5%.

Beam also delivered a positive overall total cash movement in each of the last three quarters of FY2020, which is a pleasing result given the disruption caused by COVID-19 and additional investments for ZOLEO and other new product developments.

The expenditure on major development projects in the financial year amounted to $2.43 million and Beam is yet to receive the government's R&D grant of approximately $0.5 million, expected in October 2020. While Beam benefited from the JobKeeper support package in the amount of $270,000 and the BAS Cash Flow Boost of $62,500, this financial assistance was not material to the Group's financial performance given the trading difficulties overcome during FY2020. Beam may not qualify for phase two of JobKeeper, which will commence in late September.

Outlook and Projects

While no one could have predicted how challenging the last financial year was going to be, currently the FY2021 outlook is positive for Beam even as economic conditions remain highly volatile. There are a few reasons for the optimism.

Firstly, sales of ZOLEO are expected to continue to grow significantly over the next 12-months. The momentum achieved in the North American market is an early indication that Beam will experience similar traction in the Australian market as social restrictions are eased, plus expansion into other new markets globally.

Beam is also close to signing new major retailers to sell ZOLEO, following the JV's partnership with Cabela's in Canada. Cabela's is part of BPS Direct, LLC (Bass Pro Shops), which is the world's largest outdoor equipment retailer with 40,000 employees an annual turnover of around US$8 billion.

Another growth opportunity for Beam is the development and launch of its Iridium Certus® devices. The first of these next-gen devices is anticipated to be launched in FY2021.

Meanwhile, Beam's base business is also well positioned to keep growing organically over the next 12 months. Demand for Iridium GO! is expected to remain robust for the next few years at least, and Beam is expecting to receive new orders for the device from Iridium in the current financial year.

The opening of the Indian market to Inmarsat is likely to lead to further orders for Beam-branded terminals and accessories as these are the only devices, along with the Inmarsat handset, that are approved for sale using the Inmarsat GSPS service in India currently.

The continued strength and resilience of Beam's core business will help support the growth of ZOLEO and the development for Beam's Iridium Certus® devices in FY2021 and beyond.

Directors and Investors

No new securities have been issued since September 2017 and the Board of Directors has remained the same since November 2017.

Mr Simon Wallace, a shareholder in the Company, has been a Director for five years and is currently Chairman of the Board. Simon has lengthy and detailed expertise in legal and commercial matters and leads the Board and the Group in fund raising activities, strategic and corporate governance advice,

Mr David Stewart joined our board in November 2017. David has been a keen advisor to senior management in the rationalisation of development expenditure, providing experienced insight into the communications industry both in Australia and overseas. David remains Beam's major shareholder, holding 20.62% of the shares and assists the Group to expand in the satellite and non-satellite space.

Beam Director Mr Carl Hung was re-elected as a Director by shareholders at the Annual General Meeting of 22 November 2019 and is also the President and CEO of Season Group, a major trading partner of Beam. Season provides Beam with a range of sub-contract services including manufacturing and engineering in China. Carl is Managing Director of SGV1 Holdings Limited, which holds 10.23% of the shares in the Company.

Mr Michael Capocchi is an Executive Director and holds the positions of Managing Director and Chief Executive Officer for all companies in the Group. His base in the USA enables him to easily visit the Middle East and UK/Europe, where many core clients are based, as well as domestically within the US. Michael travelled to Australia every 4-6 weeks prior to Australia's travel restrictions, has seen little interruption to his utility and client access as a result of COVID-19 and retains direct and daily contact with management. Michael is also a significant shareholder in the Company.

The Directors believe the return to a significant profit in FY2019 and the underlying trading profit in FY2020 indicate the Group's successful efforts to improve core and new product offerings and sales strategies, as well as expanding the business's scale and investment capacity via incremental yet sustainable revenue and profit expansion while narrowing the focus on future developments to major and significant projects only.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than those noted above there were no significant changes in the state of affairs of the Consolidated Group during the financial year.

EVENTS AFTER REPORTING DATE

On 1 July 2020 the Group received a three-year term loan from the National Australia Bank of $500,000, partially secured by the Australian government. On 20 August 2020 SGV1 Holdings Limited extended the expiry date of the US$2m secured loan facility provided to the Group from 1 January 2021 until 1 April 2022 (refer also Note 13).

Other than the above, there have been no significant events since 30 June 2020.

DIVIDENDS PROPOSED OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

ENVIRONMENTAL ISSUES

The Consolidated Group's operations are not regulated by any significant environmental regulation under any Commonwealth, State or Territory laws.

FUTURE DEVELOPMENTS

The company will continue the development of the Satellite Communications Services and related businesses.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of the Company were issued during the year ended 30 June 2020 on the exercise of options.

DIRECTORS' INTERESTS

The relevant interests of the Directors in the securities of the Company are detailed in the Remuneration Report as part of the Directors' Report.

SHARES UNDER OPTION

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Issue Date	Date of Expiry	Exercise Price	Number Under Option
24.12.15	31.08.20	$0.1950	789,525
24.12.15	30.11.20	$0.1950	907,500
			1,697,025

DIRECTORS' MEETINGS

During the year ended 30 June 2020 the Company held 16 meetings of Directors (including Audit Committee meetings). Attendances by each Director during the year were:

	Directors meetings		Commitees	
Director	Attended	Maximum Possible Attended	Attended	Maximum Possible Attended
M Capocchi	13	13	0	0
D Stewart	13	13	0	0
C Hung	13	13	3	3
S Wallace	13	13	3	3

Each Director attended every scheduled meeting of the Board and of each Committee of which he is a member.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each director of Beam Communications Holdings Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

The Company is committed to remunerating its executive directors and senior executives in a manner that is market-competitive, consistent with best practice and which supports the interests of shareholders. The Company aims to align the interests of executive directors and senior executives with those of shareholders by remunerating through performance and long-term incentive plans in addition to fixed remuneration.

The remuneration of Non-executive Directors is determined by the Board having regard to the level of fees paid to non-executive directors by other companies of similar size and stature and in aggregate must not exceed the maximum annual amount approved by the Company's shareholders, currently $500,000, as determined at the General Meeting held on 3 August 2007.

Senior executives' remuneration consists of the following elements:

- fixed salary;
- short-term incentive bonus where applicable based on performance;
- long-term incentive share option scheme; and
- other benefits including superannuation.

Fixed Salary

The salary of senior executives is determined from a review of the market and reflects core performance requirements and expectations. In addition, the Company considers the following:

- The scope of the individual's role;
- The individual's level of skill and experience;
- Legal and industrial obligations;
- Labour market conditions; and
- The complexity of the Company's business.

Performance Bonus

The purpose of the performance bonus is to reward an individual's actual achievement of performance objectives and for materially improved Company performance. Consequently, performance-based remuneration is paid where a clear contribution to successful outcomes for the company is demonstrated and the individual attains and excels against pre-agreed key performance indicators during a performance cycle.

For FY2020 the Managing Director had a performance bonus potential of 15% of the Group operating profit before interest, tax, depreciation and amortisation (EBITDA) above $1,000,000 for the financial year, plus $20,000 and a 1% increase in fixed salary for FY2021, payable upon the achievement of each of 5 KPIs set by the Board at the beginning of the financial year. The Group achieved an EBITDA of $3,009,121 and therefore the potential performance bonus became payable. In addition, the Managing Director achieved 1 of the KPIs. Since May 2020 employees have contributed 20% of their salary payments to COVID-19 relief savings and in a similar manner the Managing Director agreed to reduce his FY2020 bonus by 50%.

Two senior sales executives, who have contractual performance-based bonus entitlements and have achieved above their minimum sales-related target levels in FY2020, have also agreed to reduce their bonus entitlements by approximately 50%. No other key management executive has a contractual performance bonus entitlement.

In assessing the relative performance of the senior executives and the Group as a whole measured against the primary objective of enhancing shareholder value over time, the Board has regard to key financial indicators. In accordance with Section 300A of the Corporations Act 2001 the following table summarises the Group's performance over the last 5 years.

	2020	2019	2018	2017	2016
Net profit/(loss) before tax ($'000)	(1,517)	772	(1,432)	(423)	417
EBITDA ($'000)	3,009	2,104	(607)	129	1,363
Basic earnings per share	(0.31)	0.64	(3.07)	(1.29)	1.12
Share price at 30 June ($)	0.17	0.27	0.16	0.13	0.23
Market Capitalisation at 30 June	8.99	14.28	8.46	5.61	9.93
Dividends per share	Nil	Nil	Nil	Nil	Nil

The Board believes the above table illustrates the positive, albeit not linear, direction the Group has taken over the past five years and is reflective of the performance of senior executives during that period. Due to the nature of the Group's business, there are often major influences on a particular financial year's profit result. In FY2020 the decision was made to terminate three development projects in order to focus development efforts on ZOLEO improvements and Iridium Certus devices, at a cost of $820,000. In addition, the Group took the conservative approach to the Thuraya WE project by writing off the remainder of that project's capitalised value at a net cost of $1,105,000. Excluding these one-off write-downs, the underlying positive NPBT and NPAT recognises the fundamental strength in performance.

Long-term Incentives

The Company's Share Options Incentive Plan, in which executive directors and senior executives may participate, was approved by shareholders on 27 October 2017 and authorises the Directors to issue options in respect to up to 10% of the shares on issue at a given time.

The Company ensures that the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

No options were issued to key management personnel or Directors during FY2018 – FY2020 while the Company evaluates the effectiveness of share options as incentives.

Other Benefits

Senior executives are entitled to statutory superannuation and other bonus payments subject to the discretion of the Managing Director and the Board.

Employment Contracts

Employment Contracts of Senior Executives

An employment contract for the Managing Director was executed by the Company and Michael Capocchi on 30 June 2018 under which he continued as Managing Director and CEO of the Company for a minimum term of two years. The contract can be terminated by either the Company or Mr Capocchi, with a minimum of 9 months' notice, subject to completion of the minimum term.

The terms of Mr Capocchi's contract were negotiated such that, compared to his employment terms that applied prior to that date, his fixed base salary was reduced and a greater portion of his remuneration was at risk. The renewal of Mr Capocchi's contract is presently being negotiated.

All other key management personnel are permanent employees.

REMUNERATION REPORT (continued)

(a) Names and positions held of consolidated group and parent entity
Key Management Personnel in office at any time during the financial year are:

Directors

Mr S Wallace	Non-Executive Chairman
Mr M Capocchi	Executive Managing Director
Mr C Hung	Non-Executive Director
Mr D Stewart	Non-Executive Director

Other key management personnel

Mr D Payne	Chief Financial Officer and Company Secretary
Mr W Christie	Chief Technical Officer

(b) Details of remuneration for the year

The remuneration for each director and each of the other key management personnel of the consolidated group receiving the highest remuneration during the year was as follows:

	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments			
2020	**Cash salary & fees $**	**Cash bonus & Commissions $**	**Motor vehicle & other allowances $**	**Employee benefits payable [b] $**	**Superannuation $**	**Employee benefits payable $**	**Eligible termination benefits $**	**Options [a] $**	**Total $**	**Performance related %**	**Remuneration consisting of options %**
Directors											
Mr S Wallace	40,277							-	40,277	0.00%	0.00%
Mr M Capocchi [c]	448,645	160,684	4,906	34,220	43,087	9,778		-	701,320	22.91%	0.00%
Mr C Hung	31,250	-						-	31,250	0.00%	0.00%
Mr D Stewart	31,250							-	31,250		
Other											
Mr D Payne	187,420	-	-	(2,876)	17,767	(13,155)		-	189,156	0.00%	0.00%
Mr W Christie	185,386	-	-	12,187	17,574	16,742		-	231,889	0.00%	0.00%
Total	**924,228**	**160,684**	**4,906**	**43,531**	**78,428**	**13,365**	**-**	**-**	**1,225,142**		

	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments			
2019	**Cash salary & fees $**	**Cash bonus & Commissions $**	**Motor vehicle & other allowances $**	**Employee benefits payable [b] $**	**Superannuation $**	**Employee benefits payable $**	**Eligible termination benefits $**	**Options [a] $**	**Total $**	**Performance related %**	**Remuneration consisting of options %**
Directors											
Mr S Wallace	41,666							-	41,666	0.00%	0.00%
Mr M Capocchi [c]	418,688	215,806	27,335	23,725	41,723	8,297		-	735,574	29.34%	0.00%
Mr C Hung	41,666	-						-	41,666	0.00%	0.00%
Mr D Stewart	41,666							-	41,666	0.00%	0.00%
Other											
Mr D Payne	189,547	-	-	(1,142)	18,007	(8,379)		-	198,033	0.00%	0.00%
Mr W Christie	172,549	-	-	(8,165)	16,392	4,306		-	185,082	0.00%	0.00%
Total	**905,782**	**215,806**	**27,335**	**14,418**	**76,122**	**4,224**	**-**	**-**	**1,243,687**		

[a] Option based compensation relates to the value of options issued to date and brought to account pro-rata to the time period from the date of granting to the date of vesting, except where Accounting Standard AASB 2 required expensing to begin from the commencement of service related to those options, notwithstanding that the issue of those options, in the case of Directors was subject to shareholder approval, and in the case of key management employees, subject to performance review.

[b] Employee benefits payable represents net increase in benefits payable charged to the consolidated statement of profit or loss and other comprehensive income in the current year.

[c] The majority of Mr Capocchi's remuneration is in US dollars. For 2020 his remuneration has been converted into AU dollars at the exchange rate on 30 June 2020 of 0.6863.

REMUNERATION REPORT (continued)

(c) (i) Options granted as part of remuneration for the year

2020	Grant date	Granted number	Value per option at grant date $	Value of options granted during the year $	Value of options exercised during year $	Value of options lapsed during year $	Total $
Directors							
Mr S Wallace	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-
Other							
Mr D Payne	-	-	-	-	-	(21,916)	(21,916)
Mr W Christie	-	-	-	-	-	(31,309)	(31,309)

2019	Grant date	Granted number	Value per option at grant date $	Value of options granted during the year $	Value of options exercised during year $	Value of options lapsed during year $	Total $
Directors							
Mr S Wallace	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-
Other							
Mr D Payne	-	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-	-

REMUNERATION REPORT (continued)

(c) (ii) Options granted and/or vested during the year

			Terms & conditions for each grant					
2020	**Vested No.**	**Granted No.**	**Grant date**	**Value per option at grant date $**	**Exercise price $**	**Expiry date**	**First exercise date**	**Last exercise date**
Directors								
Mr S Wallace	-	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-
Other								
Mr D Payne	-	-	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

			Terms & conditions for each grant					
2019	**Vested No.**	**Granted No.**	**Grant date**	**Value per option at grant date $**	**Exercise price $**	**Expiry date**	**First exercise date**	**Last exercise date**
Directors								
Mr S Wallace	-	-	-	-	-	-	-	-
Mr M Capocchi	-	-	-	-	-	-	-	-
Mr C Hung	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-
Other								
Mr D Payne	-	-	-	-	-	-	-	-
Mr W Christie	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

REMUNERATION REPORT (continued)

(d) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each key management person including their personally related parties is set out below.

2020	Balance 1.07.19	Granted as Remuneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.20	Total Vested 30.06.20	Exercisable 30.06.20	Unexer-cisable 30.06.20
Directors									
Mr S Wallace	-	-	-	-	-	-	-	-	-
Mr M Capocchi	907,500	-	-	-	-	907,500	907,500	907,500	-
Mr C Hung	-	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-	-
Other									
Mr D Payne	381,150	-	-	-	(190,575)	190,575	190,575	190,575	-
Mr W Christie	544,500	-	-	-	(272,250)	272,250	272,250	272,250	-
Total	**1,833,150**	**-**	**-**	**-**	**(462,825)**	**1,370,325**	**1,370,325**	**1,370,325**	**-**

2019	Balance 1.07.18	Granted as Remuneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.19	Total Vested 30.06.19	Exercisable 30.06.19	Unexer-cisable 30.06.19
Directors									
Mr S Wallace	-	-	-	-	-	-	-	-	-
Mr M Capocchi	907,500	-	-	-	-	907,500	907,500	907,500	-
Mr C Hung	-	-	-	-	-	-	-	-	-
Mr D Stewart	-	-	-	-	-	-	-	-	-
Other									
Mr D Payne	381,150	-	-	-	-	381,150	381,150	381,150	-
Mr W Christie	544,500	-	-	-	-	544,500	544,500	544,500	-
Total	1,833,150	-	-	-	-	1,833,150	1,833,150	1,833,150	-

REMUNERATION REPORT (continued)

(e) Share Holdings

The number of shares in the Company held during the financial year by each key management person including their personally related parties are set out below.

2020	Balance 1.07.19	Received as Remuneration	Options Exercised	Placement Issue [b]	Net Change Other [a]	Balance 30.06.20
Directors						
Mr S Wallace	178,600	-	-	-	21,400	200,000
Mr M Capocchi	1,603,899	-	-	-	-	1,603,899
Mr C Hung	9,243,207	-	-	-	(3,833,333)	5,409,874
Mr D Stewart	10,540,000	-	-	-	365,000	10,905,000
Other						
Mr D Payne	328,570	-	-		-	328,570
Mr W Christie	62,778	-	-		-	62,778
	21,957,054	-	-		3,446,933	18,510,121

2019	Balance 1.07.18	Received as Remuneration	Options Exercised	Placement Issue [b]	Net Change Other [a]	Balance 30.06.19
Directors						
Mr S Wallace	178,600	-	-	-	-	178,600
Mr M Capocchi	1,603,899	-	-	-	-	1,603,899
Mr C Hung	9,243,207	-	-	-	-	9,243,207
Mr D Stewart	10,540,000	-	-	-	-	10,540,000
Other						
Mr D Payne	328,570	-	-	-	-	328,570
Mr W Christie	62,778	-	-	-	-	62,778
	21,957,054	-	-	-	-	21,957,054

[a] Net Change Other refers to shares purchased or sold on-market or off-market at current market prices during the financial year.

REMUNERATION REPORT (continued)

(f) Shares issued on exercise of remuneration options

No options were exercised by key management personnel during the financial year ended 30 June 2020 or the comparative year ended 30 June 2019.

(g) Voting and comments made at the Company's 2019 Annual General Meeting (AGM)

At the Company's most recent AGM, a resolution to adopt the prior year remuneration report was put to the vote and at least 75% of 'yes' votes were cast for adoption of that report. No comments were made on the remuneration report at the AGM.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

NON AUDIT SERVICES

No non audit services were undertaken by the external auditors during the year ended 30 June 2020.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Signed in accordance with a resolution of the Board of Directors dated 27 August 2020.

Mr Simon Wallace
Chairman
Date: 28 August 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Beam Communications Holdings Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

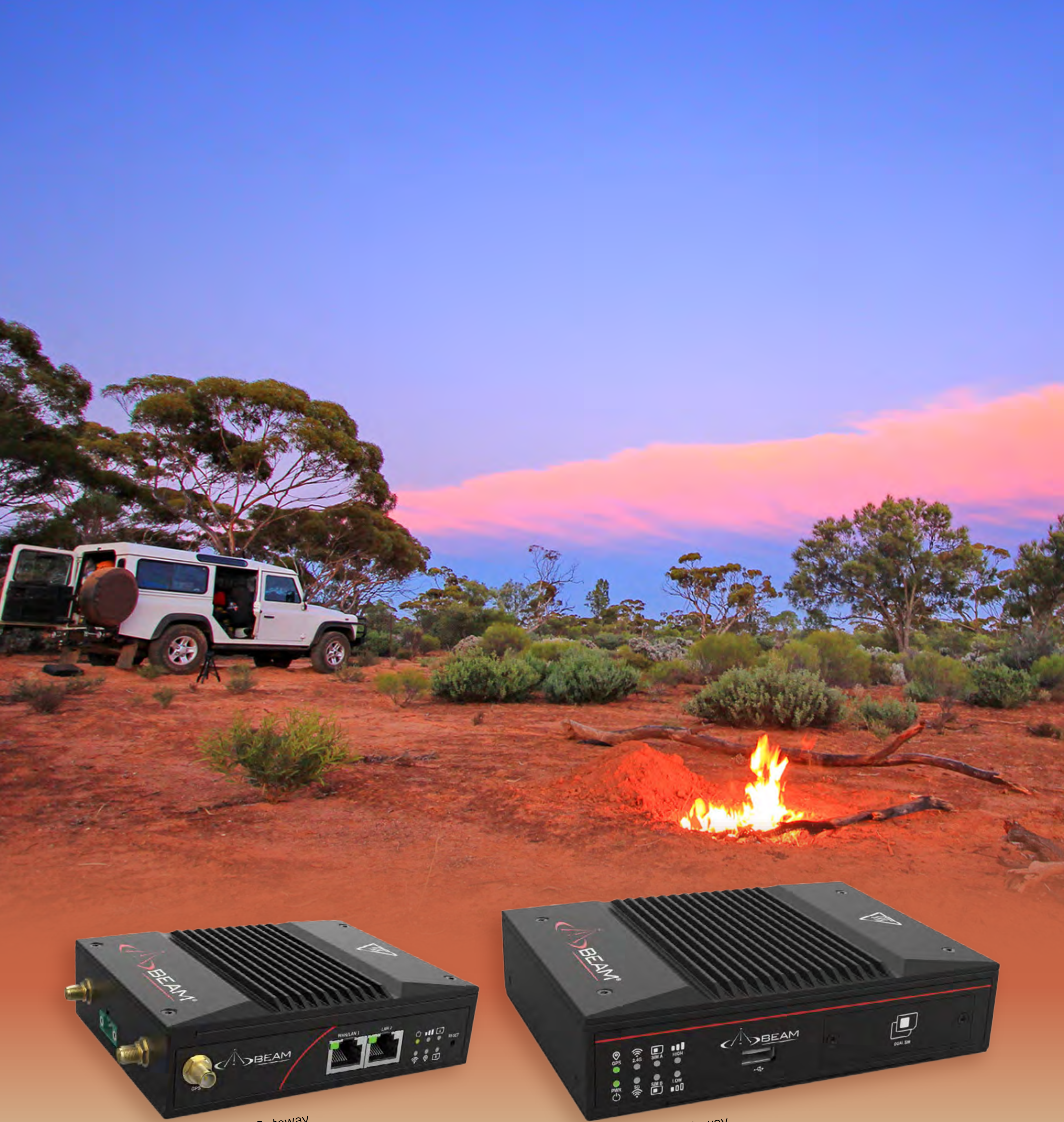
(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 28 August 2020
Melbourne, Victoria



MG200 LTE Gateway

MG400 LTE Gateway

Increased high speed performance makes the MG gateways perfect for all your outback adventures!

4G LTE | durable | dual sim | fast connectivity

CORPORATE GOVERNANCE

The Directors of Beam Communications Holdings Limited (***BCC*** or ***the Company***) are committed to protecting and enhancing shareholder value and conducting the company's business ethically and in accordance with the highest standards of corporate governance.

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations: 3rd Edition (***the Principles***), this corporate governance statement reports on the Company's adoption of the Principles on an exception basis. This statement provides specific information whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. The Company's corporate governance principles and policies are therefore structured with reference to the Principles, which are as follows:

1. ***Lay solid foundations for management and oversight.***
2. ***Structure the Board to add value.***
3. ***Act ethically and responsibly.***
4. ***Safeguard integrity in corporate reporting.***
5. ***Make timely and balanced disclosure.***
6. ***Respect the rights of security holders.***
7. ***Recognise and manage risk.***
8. ***Remunerate fairly and responsibly.***

1. Lay Solid Foundations for Management and Oversight

Recommendation 1.1: The Board and Senior Management – Roles and Responsibilities

Board Processes

The Board recognises that its responsibilities should accord with the following general principles:

- the Board should be made up of a majority of Independent Directors;
- the Chairman of the Board should be an Independent Director;
- the roles of Chairman and Chief Executive Officer should not be exercised by the same person;
- the Board should meet on a monthly basis;
- all available information in connection with items to be discussed at a meeting of the Board shall be provided to each Director prior to that meeting; and
- Directors are entitled to seek independent professional advice.

To assist in the execution of its responsibilities the Board has established an Audit Committee with a formalised charter and operating principles. Activities which may be conducted by separate committees in a larger company such as Directors Nomination, Risk Management and Remuneration are dealt with by the full Board as separate and specific agenda items in accordance with the principles and policies set down in the Company's corporate governance programme.

The Company has adopted a Board Charter which details the functions and responsibilities of the Board of Directors. A copy of the Board Charter is on the Company's website. The employment contract between the Company and the Chief Executive Officer and the letter of engagement for the Chief Financial Officer and senior executives details the terms of employment, job specifications and responsibilities.

The Role of the Board of Directors

The BCC is responsible to its shareholders for the protection and enhancement of long term shareholder value.

To fulfil this role the Board is responsible for:

- oversight of the Group, including its controls, risk management, financial structures and accountability systems;
- setting strategic direction for management with a view to maximising shareholder value;
- input into and final approval of strategic plans and goal and performance objectives and key operational and financial matters;
- determining dividend payments;
- selecting, appointing and reviewing the performance of the Chief Executive Officer (CEO);
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (CFO) and Company Secretary;
- approval of annual and half yearly financial reports and related Australian Stock Exchange reports;
- selecting and appointing new non-executive directors;
- approving major capital expenditure and acquisitions;
- evaluating the Board's performance and that of individual directors;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- dealing with approaches to take over the company; and
- approving and monitoring financial and other reporting.

Chairman's Appointment and Responsibilities

The Chairman is appointed by the board from the non-executive directors. The Chairman:

- provides appropriate leadership to the board and the Company;
- ensures membership of the board is balanced and appropriate for the Company's needs;
- facilitates board discussions to ensure the core issues facing the organisation are addressed;
- maintains a regular dialogue and mentor relationship with the Chief Executive Officer;
- monitors board performance; and
- guides and promotes the on-going effectiveness and development of the board and individual directors.

Conduct of Board Business

The Board normally holds monthly formal Board meetings and will also meet whenever necessary to carry out its responsibilities. In the year ended 30 June 2020, the Board and/or its committees met 16 times. When conducting Board business, Directors have a duty to question, request information, raise any issue of concern, and fully canvas all aspects of any issue confronting the Company and vote on any resolution according to their own judgment. Directors keep confidential, board discussions, deliberations and decisions that are not publicly known.

Access to Information

Directors are encouraged to access members of the senior management team at any time to request relevant information in accordance with protocols adopted by the Board. Where Directors perceive an irregularity in a Company related matter, they are entitled to seek independent advice at the Company's expense. Directors must ensure that the costs are reasonable and must inform the Chairman before the advice is sought. The advice must be made available to the rest of the Board.

Independent Professional Advice

Each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

Conflicts of Interest

Directors are required to continually monitor and disclose any potential conflicts of interest that may arise. Directors must:

- disclose to the Board any actual or potential conflicts of interest that may exist as soon as the situation arises;

- take necessary and reasonable steps to resolve any conflict of interest within an appropriate period, if required by the Board or deemed appropriate by that director; and
- comply with the Corporations Act requirements about disclosing interests and restrictions on voting.

Directors should discuss with the Chairman any other proposed Board or executive appointments they are considering undertaking and advise the Company of their appointments to other companies as soon as possible after the appointment is made.

The same requirement exists for related party transactions including financial transactions with the Company. Related party transactions are reported in writing to the Company Secretary and where appropriate, raised for consideration at the next board meeting.

Retirement of Directors

One-third of the Directors are required to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire at the third AGM since last elected or re-elected. A Director appointed as an additional or casual director by the Board will hold office until the next AGM when the Director may be re-elected. This re-election will be in addition to any rotational retirements.

A CEO, if also a Managing Director, is not subject to retirement by rotation and is not to be taken into account in determining the rotation of retirement of Directors.

Functions of Senior Executives

The Chief Executive Officer reports to the Board and is responsible for the operation and administration of the Company including the implementation of the Company's strategies, plans, policies and control programmes. He is supported by a management team whose responsibilities are delineated by formal authority delegations. The team meets regularly to co-ordinate activities and to review and monitor performance.

Recommendation 1.2: Board Nominations

Appointment of Directors

The Company has not established a nomination committee for recommending the appointment of Directors.

Given the nature and size of the Company, the Board considers that as a 4-member Board of a small public company the selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nominations process. The structure of the Board is reviewed annually as to qualifications, skills, experience and diversity to ensure the Board has an appropriate mix. In a 4-member Board the highest requirement is for appropriate skill. Where a vacancy exists or there is a need for particular skills, the Board will determine the selection criteria and identify and appoint a suitable candidate.

The Company will undertake appropriate checks before appointing a person or putting forward a candidate for election as a Director and provide shareholders with this information. Candidates will be assessed through interviews, meetings and background reference checks as appropriate. External advisors may be used in this process. The Company will provide shareholders with all material information in its possession relevant to the decision on whether or not to elect (or re-elect) a Director, either in the notice of the meeting at which the election of the Director is to be held, or by including in the notice a clear reference to the location on the Company's website, Annual Report or other document lodged with ASX where the information can be found. Directors appointed by the Board must stand for re-election at the next meeting of shareholders.

Further information regarding Director nominations can be found in the Company's Election of Directors Policy as posted on the Company's website.

Recommendation 1.3: Terms of Appointment – Directors and Senior Executives

Each new Non-Executive Director will receive a letter formalising their appointment and outlining the material terms of their appointment. Non-Executive Directors of the Company have not been appointed for fixed terms. Senior Executives will generally have written employment agreements with the Company setting out their duties, obligations and remuneration.

The remuneration paid/payable to the Company's 'key management personnel' is outlined within the Remuneration Report in the Company's latest Annual Report.

Recommendation 1.4: The Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the systems and processes that are appropriate for the Board to fulfil its role. The Company Secretary is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is also responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX

Recommendation 1.5: Diversity Policy

The Company has taken measures to establish a corporate culture in which the principles of diversity are embedded. By promoting and supporting transparent recruiting processes, flexible work practices, an enlightened code of conduct, equal employment opportunity policies and clear reporting of outcomes, the Board feels that the objectives of diversity will be achieved. The results of recruiting and the composition of staff are reported by the Chief Executive Officer and reviewed at monthly Board meetings.

The Board, at this time, has not established an explicit policy on diversity or measurable objectives for achieving gender diversity. Because of the size of the Company (37 staff including Board members, as at the date of this report), the Board is of the view that the scale and nature of the Company's operations does not currently lend itself to an effective and meaningful application of a targeted diversity policy.

Rather, the Board recognises the positive benefits for the organisation of increased diversity, especially gender, and has sought to integrate diversity objectives within the existing policies and procedures of the Company. The Board intends to reconsider the adoption of a formal diversity policy periodically.

At the date of this report the Company has a total staff excluding Board members of 33 employees of which 21% ([7 employees) are women. The Senior Executive team is made up of 4 managers including one female. At this time there are no women on the Board which comprises 4 positions.

Recommendation 1.6 and 1.7 – Performance Review and Evaluation

Evaluating the Performance of Directors

The Board has adopted a self-evaluation process to measure its own performance and the performance of its Committees.

On an annual basis, the Chairman facilitates a discussion and evaluation of the Board's performance in accordance with this process. This includes discussions about the Board's role, processes, performance and other relevant issues. Each Director's performance is reviewed by the Chairman and Board prior to the Director standing for re-election. Performance evaluations will take place during September at the same time as those for all staff members. A performance evaluation was undertaken during the reporting period.

If the contribution of a Non-Executive Director appears to a majority of Directors to be less than adequate, they may direct the Chairman to inform that Director accordingly and ask that person to consider his or her position on the Board. If the Director takes no action in response, a circulated minute signed by a majority of Directors will authorise the Company Secretary to inform the shareholders that the Board will not support the re-election of the Director at the general meeting where they are next due to offer for re-election.

Evaluating the Performance of Senior Executives

Arrangements put in place by the Board to monitor the performance of the Group's key executives include:

- regular monthly reporting submitted to the Board and attendance at all Board Meetings by the Chief Executive Officer and Chief Financial Officer;
- a review by the Board of the Group's financial performance and revised forecast results on a monthly and annual basis at Board meetings at which reports are presented by the key executives; and
- an evaluation of the detailed presentations made by the Chief Executive Officer and his direct reports during business planning / strategy meetings which are at least bi-annual.

A performance evaluation was undertaken during the reporting period.

2. Structure Board to Add Value

<u>Recommendation 2.1: Nomination Committee</u>

Due to the small size of the Board and the Company's current level of operations, the Company does not have a separate nomination committee. Nominations for positions on the Board are considered by the entire Board.

<u>Recommendation 2.2: Skills, Knowledge and Experience</u>

Directors are appointed based on the specific business, industry and governance skills and experience as required by the Company. The Board recognises the need for Directors to have a relevant and applicable range of skills and personal experience in a range of disciplines as required for the proper management and oversight of the Company's operations, as having regard to the scale and nature of its activities.

The Board skills matrix set out below describes the skills, experience and expertise that the Board would look to maintain and build on:

- capital markets;
- corporate finance;
- regulatory and compliance;
- operations;
- legal;
- sales;
- marketing
- corporate governance; and
- financial and business acumen.

<u>Recommendations 2.3 and 2.4: Independent Directors</u>

Directors Independence

At the date on which the Directors' report is made out, the Company's Board has 4 Directors. The Board currently consists of three Non-Executive Directors. At this time only one (Mr Simon Wallace) of the three Non-Executive Directors is considered by the Board to be independent, and as such the Company does not comply with Recommendation 2.4 of the Corporate Governance Council, which recommends that a majority of Board members should be independent. However, the Board considers that both its structure and composition are appropriate given the size of the Group and that the interests of shareholders are well met.

The Board regularly assesses its composition, having regard to the nature and size of the Company's operations and the relevant skills, knowledge, and experience of each Board member.

In the interest of clear disclosure:

- Mr Carl Hung, a Non-Executive Director, is also the President and CEO of Season Group. The Company has subcontracted manufacturing on an arms-length basis to Season Group and Mr Hung, through SGV1 Holdings Limited, holds a relevant interest in 5,409,874 shares in the Company, representing 10.23% of the Company's issued shares and is thereby a substantial holder.
- Mr David Stewart, a Non-Executive Director, is not regarded as being independent, as two companies associated with and/ or controlled by Mr Stewart in total hold a relevant interest in 10,905,000 shares in the Company, representing 20.62% of the issued capital of the Company and Mr Stewart is thereby a substantial holder.

The names, qualifications and experience of each Director of the Company are detailed in the Directors' Report in the Annual Report.

<u>Recommendation 2.5: Independent Chairman</u>

The Chairman, Mr Simon Wallace, is the only independent Non-Executive Director of the Company at this time. Mr Wallace was appointed as Chairman of the Company on 22 December 2016, based on his extensive experience in legal and commercial matters, project finance and fundraising background and his experience as a Director including of an ASX-listed entity.

The Chief Executive Officer of the Company is Mr Michael Capocchi.

<u>Recommendation 2.6: Induction of New Directors</u>

The Company has a program for inducting new Directors. This includes giving new Directors a full briefing about the nature of the business, current issues, the corporate strategy and the expectations of the Board concerning the performance of the Directors and access to all employees to gain full background to the Company's operations. Directors are encouraged to attend director training and professional development courses, as may be required to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, at the Company's expense (as approved by the Chairman and or the Board, as appropriate and applicable).

3. Act Ethically and Responsibly

<u>Recommendation 3.1: Act Ethically and Responsibly</u>

Code of Conduct and Corporate Ethics

As part of the Board's commitment to the highest standard of personal and corporate behaviour, the Company adopts a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities including responsibility for reporting and investigating unethical practices;
- employment practices including a fair and open approach to all forms of diversity; and
- responsibilities to the environment and the community.

The Code of Conduct is available at the Company's website.

In addition to the Code of Conduct, the Company has established a specific Corporate Ethics Policy setting out the Company's behavioural expectations of its employees when conducting business in Australia and internationally and specifically aims to maintain the good standing and reputation of the Company along with highlighting the importance of anti-corruption practices to its employees and directors. The Corporate Ethics Policy is also available at the website.

The Company's objective is to maintain and further develop its business to increase shareholder value while also adding value for customers, employees and other stakeholders. To ensure this occurs, the Group conducts its business within the ethical responsibilities documented and outlined in the Company's Code of Conduct and Corporate Ethics Policy.

4. Safeguard Integrity in Corporate Reporting

Recommendation 4.1: Audit Committee

The Board has established an Audit Committee to consider certain issues and functions in further detail. The chairman of the Audit Committee reports to the Board on any matters of substance at the next full board meeting. The Audit Committee has its own terms of reference, approved by the Board and reviewed annually, with additional review when appropriate.

The members of the Committee at the date of this report are Mr Carl Hung and Mr Simon Wallace. Carl Hung is the current Chairman of the Audit Committee. Details of the qualifications, experience and attendance at Committee meetings by each Committee Member is included in the Directors' Report in the Annual Report.

The ASX Corporate Governance Council has made recommendations for the composition of the Audit Committee:

- the Committee should consist only of Non-Executive Directors;
- it should have a majority of Independent Directors;
- it should be chaired by an independent Director who is not Chairman of the Board;
- the Committee should have at least 3 members.

While recognising these recommendations, the Board is restricted by having currently only four Board positions. The Board's small size is a function of the relatively small scale of the Company's operations. The Company may assess the composition of the Board from time to time, with a view to considering compliance with the recommendation that the Audit Committee have a majority of Independent Directors.

The one Independent Director on the Board is a member of the Audit Committee. Mr Carl Hung although not an Independent Director was appointed Chairman of the Audit Committee due to his accounting qualifications and commercial experience.

The Audit Committee assists the Board to discharge its corporate governance responsibilities, in regard to the business' relationship with, and the independence of, the external auditors. It especially:

- recommends appointment of external auditors and fees;
- ensures reliability and integrity of disclosure in the financial statements and external related financial communications, although ultimate responsibility rests with the full Board;
- reviews compliance with statutory responsibilities;
- reviews budgets and accounting policy;
- ensures maintenance of an effective framework of business risk management including compliance and internal controls and monitoring of the internal audit function;
- reviews adequacy of the Company's insurance program, including directors' and officers' professional indemnity and other liability insurance cover;
- promotes and ensures an ethical financial culture is embedded throughout the Company; and
- undertakes any special investigations required by the Board.

The Audit Committee provides a forum for the effective communication between the Board and external auditors. The Committee reviews:

- the annual and half-year financial report prior to their approval by the Board;
- the effectiveness of management information systems and systems of internal control; and
- the efficiency and effectiveness of external audit functions, including reviewing the respective audit plans.

The Committee invites the CEO, the CFO, the Company's remaining Director and the external auditors to attend Committee meetings where appropriate. The Committee also meets with and receives regular reports from the external auditors concerning any matters which arise in connection with the performance of their respective roles, including the adequacy of internal controls.

The Company's Audit Committee met 3 times during the course of the financial year ended 30 June 2020.

The Company's Audit Committee has a formal charter setting out the Committee's role and responsibilities. The charter is posted on the Company's website.

Recommendation 4.2: Approval of Financial Statements

The Board receives regular reports about the financial condition and operational results of the Company and its controlled entities. The CEO and CFO periodically provide formal statements to the Board that, in all material aspects, the Company's financial statements present a true and fair view of the Company's financial condition and operational results.

The CEO and the CFO each provide declarations to the Board in accordance with Section 295A of the Corporations Act 2001 confirming that in their opinion, with regard to risk management and internal compliance and control systems:

i. the statements made with respect to the integrity of financial statements and notes thereto are founded on a sound system of risk management and internal control systems which, in all material respects, implement the policies adopted by the Board of Directors; and
ii. the risk management and internal control systems are operating effectively and efficiently in all material respects in relation to financial reporting risks.

Auditor independence

Best practice in financial and audit governance is rapidly evolving and the independence of the external auditor is particularly important to shareholders and the Board. The Company's practices in this area are reviewed regularly by the Board to ensure they are in line with emerging practices both domestically and internationally. The Company's current approach in relation to independence of its auditor encompasses the following:

- rotation of the senior audit partner every five years;
- annual confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence;
- half yearly reporting on the levels of audit and non-audit fees; and
- specific exclusion of the audit firm from work which may give risk to a conflict.

Recommendation 4.3: Auditor attendance at AGM
The Company's external Auditor attends the Company's AGMs and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

5. Make Timely and Balanced Disclosure

Recommendation 5.1: Continuous Disclosure Policy
The Board and senior management are aware of the continuous disclosure requirements of the ASX and have written policies and procedures in place, including a Continuous Disclosure Policy.

The guiding principle of this policy is that the Company must immediately notify the market via an announcement to the ASX of any information concerning the Company that a reasonable person would expect to have a 'material' effect on the price or value of the Company's securities.

The Board must ensure that Company announcements:

- are made in a timely manner;
- are factual;
- do not omit material information; and
- are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Where that information, however, is incomplete or confidential, or its disclosure is illegal, no disclosure is required. The Directors and senior management of the Company ensure that the Company Secretary is aware of all information to be presented at briefings with analysts, stockbrokers, shareholders, the media and the public. Prior to being presented, information that has not already been the subject of disclosure to the market and is not generally available to the market is the subject of disclosure to the ASX. Only when confirmation of receipt of the disclosure and release to the market by the ASX is received may the information be presented.

If the Company becomes aware of market-sensitive information which ought to be disclosed, but the Company is not in a position to issue an announcement promptly and without delay, the Company may request that the ASX grant a trading halt or suspend the Company's securities from quotation. Management of the Company may consult external professional advisers and the ASX in relation to whether a trading halt or suspension is required.

The Company's Continuous Disclosure Policy is available on the Company's website.

6. Respect the Rights of Security Holders

Recommendation 6.1: Communication to Shareholders and Investors
The Company is committed to increasing the transparency and quality of its communication and to be regarded by our shareholders as an outstanding corporate citizen. Our approach to communication with shareholders and financial markets is set out in the Company's Shareholder Communication Policy document.

Information is communicated to shareholders through the distribution of the Company's Annual Report and other communications. All significant information is posted on the Company's website as soon as it is disclosed to the ASX. All investors will have equal and timely access to information on the Company's financial position, performance, ownership and governance. Shareholders who wish to send and receive communications with the Company electronically should contact the Company Secretary, Mr Dennis Payne.

The Company ensures that shareholders are informed of all major developments affecting the Group promptly through the issue of ASX announcements and commentary on operations in quarterly reports. All ASX announcements and quarterly reports are posted on the ASX website for the Company and on the Company's website.

All shareholders receive copies of shareholders notices by email or post and a copy of the annual report is distributed to all shareholders who elect to receive one (hardcopy in the mail or electronically). The Company's most recent annual report is also available on the Company's website.

Website Information
The Company has established a website at www.beamcommunications.com, where shareholders can access information about the Company's corporate governance policies and practices. Information lodged on this website in a specific corporate governance section includes:

- Board Charter;
- Audit Committee Charter;
- Risk Management Policy;
- Remuneration Policy;
- Securities Trading Policy;
- CEO and CFO Declarations;
- Whistle Blower Policy;
- Code of Conduct;
- Election of Directors Policy;
- Disclosure Policy;
- Shareholder Communication Policy;
- Health and Safety Policy;
- Environmental and Community Relations Policy;
- Corporate Ethics Policy; and
- Related Parties and Conflicts Policy.

Recommendation 6.2 Investor Relations Program
Two-way communication between the Company and its shareholders is facilitated primarily via the Company's AGM. The Board encourages shareholder participation at the AGM and other general meetings of the shareholders. The Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. Shareholders who are unable to attend the AGM or a general meeting may submit questions and comments before the meeting to the Company and/or to the Auditor (in the case of the AGM).

Recommendation 6.3: Shareholders Participation at General Meetings
All shareholders are encouraged to attend and participate in shareholder meetings. All Directors, senior managers, Auditors and the Company Secretary attend these meetings and respond to shareholder questions in relation to specific agenda items and general business. In light of the Covid-19 pandemic and restrictions on in-person gatherings and travel which may be in place at the time of the Company's 2020 Annual General Meeting, the Company will consider available methods of facilitating virtual attendance by shareholders at the Annual General Meeting. Further details regarding the nature of the Annual General Meeting and how shareholders may ask questions about agenda items will be contained in the notice of meeting. The Annual General Meeting features an address by the Chairman and an extensive presentation by the CEO which is also released as an ASX announcement for shareholders who cannot attend the meeting.

A description of the arrangements the Company has to promote communications with shareholders is detailed in the Shareholder Communication Policy, available at the Company's website.

Recommendation 6.4: Electronic Communication
Shareholders may elect to send communication to and receive communications from the Company and its Share Registry electronically. The contact email address for the Company is info@beamcommunications.com and shareholders may submit electronic queries to the Company's Share Registry via its website www.linkmarketservices.com.au.

7. Recognise and Manage Risk

Recommendation 7.1: Risk Committee
Due to the size of the Company and the nature of the Company's operations, a formal Risk Committee has not been established.

The Board is responsible for ensuring appropriate measures are in place in order to manage risk in line with the Company's risk strategy. An external consultant has assisted the Board in this process.

The Board has required management to implement internal control systems to manage the Company's material business risks and to report on whether risks are being effectively managed.

Arrangements put in place by the Board to monitor risk include:

- review of risk areas at monthly Board meetings;
- regular monthly reporting to the Board in respect of operations, the financial position of the Company and new contracts;
- reports by the Chairman of the Audit Committee;
- attendance and reports by the Managing Director, CFO and the Company's management team at Board Meetings; and
- any Director may request that operational and project audits be undertaken either internally or be external consultants.

Recommendation 7.2: Risk Management Framework

The Company has implemented a risk management program that enables the business to identify and assess risks, respond appropriately and monitor risks and controls.

The Company is exposed to risk from operations (employee health and safety, environmental, insurance, litigation, disaster, business continuity), compliance issues and financial risks (interest rate, foreign currency, credit and liquidity). To mitigate these risks, the Company has established risk and assurance policies and procedures, which aim to:

- assist management to discharge its corporate and legal responsibilities; and
- assure management and the Board that the framework is effective.

Responsibility for control and risk management is delegated to the appropriate levels of management within the Company and the CEO has ultimate responsibility to the Board for risk management and control. Areas of significant business risk to the Company are detailed in the Business Plan presented to the Board by the CEO at the start of each financial year. The Board reviews and approves the parameters under which significant business risks will be managed before adopting the Business Plan. Risk parameters and compliance information are reported monthly to the Board by the CEO and CFO.

The Board has adopted reporting procedures which allow it to:

- monitor the Company's compliance with the continuous disclosure requirements of the ASX; and
- assess the effectiveness of its risk management and control framework.

The Company recognises, in particular, the environmental and social risks to which it may be exposed. The Company considers environmental risk to be the ability to continue its undertakings without compromising the health of the ecosystems in which it operates. The Company views social sustainability as the ability to continue operations in a manner that is acceptable to social norms.

The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risk. Since the beginning of the ongoing Covid-19 pandemic, the Board has continued to monitor the impact of the pandemic on the Company's operations, compliance obligations and finances, and risks to the Company resulting from the pandemic associated with macroeconomic factors such as reduced merchant and customer activity and growth. The Company has provided and intends to continue to provide updates to the market on the impact of Covid-19 on the Company periodically.

The Board intends to manage risks related to Covid-19 and other social and environmental risks in accordance with the Company's Risk Management Policy, if such risks should be identified in the future.

The Company reviews its risk management framework on at least an annual basis. Such a review took place in the 2019-2020 financial year with input from external consultants.

The Company's Risk Management Policy is available on the Company's website.

Recommendation 7.3: Internal Audit Function

The Audit Committee assists the Board in fulfilling its responsibilities in this regard by reviewing the financial and reporting aspects of the Group's risk management and control framework.

The Audit Committee meets regularly to ensure, amongst other things, that the risk management internal control structures and compliance with laws and regulations are operating effectively. Details of the Audit Committee are also set out in the Risk Management Policy, available at the Company's website.

Recommendation 7.4: Exposure to Risks

The Company regularly undertakes reviews of risks that may be material to its business. The review examines the processes and procedures that the Company must initiate to control and/or mitigate these risks from impacting upon the performance of the Company. The key risk categories to which the Company is exposed, and how it manages or intends to manage those risks, are set out in the Risk Management Policy on the Company's website.

8. Remunerate Fairly and Responsibly

Recommendation 8.1: Remuneration Committee

The Board considers that, due to its small size, and the current level of the Company's operations, all members of the Board should be involved in determining remuneration levels. Accordingly, it has not established a separate remuneration committee. Instead time is set aside at two Board meetings each year specifically to address the matters usually considered by a remuneration committee. Executive Directors absent themselves during discussion of their remuneration.

At these two meetings the Board reviews the following:

- the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives;
- senior executive remuneration and incentives;
- superannuation arrangements;
- remuneration framework for Directors; and
- whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees.

Recommendation 8.2: Remuneration of Executive and Non-Executive Directors

The remuneration structure of Non-Executive Directors and executives is disclosed in the Remuneration Report within the Directors' Report in the Annual Report. The remuneration of Non-Executive Directors is determined by the Board having regard to the level of fees paid to Non-Executive Directors by other companies of similar size and stature.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders, currently $500,000 as determined at the General Meeting held on 3 August 2007.

The Company is committed to remunerating its Executive Directors and senior executives in a manner that motivates them to pursue the long-term growth and success of the Company and is consistent with best practice. The Company aims to align the interests of Executive Directors and senior executives with those of shareholders through short-term and long-term incentive plans which demonstrate a clear relationship between performance and remuneration.

Consequently, Executive Directors and senior executives' remuneration consists of the following elements:

- fixed salary;
- short-term incentive bonus based on performance;
- long-term incentive share/option scheme; and
- other benefits including superannuation.

Fixed Salary

The salary of Executive Directors and senior executives is determined from a review of the market and reflects core performance requirements and expectations. In addition, the Company considers the following:

- the scope of the individual's role;
- the individual's level of skill and experience;
- the Company's legal and industrial obligations;
- labour market conditions; and
- the size and complexity of the Company's business.

Performance Bonus

The purpose of the performance bonus is to reward actual achievement by the individual of performance objectives and for materially improved Company performance. Consequently, performance-based remuneration is paid where a clear contribution to successful outcomes for the Company is demonstrated and the individual attains and excels against pre-agreed key performance indicators during a performance cycle.

Other Benefits
Senior executives are entitled to statutory superannuation and may also receive other bonus payments subject to the discretion of the Board.

Long-Term Incentives
The Company has a share options scheme which is discussed further below which is designed to provide long-term incentives to senior executives.
Termination Payments
Senior executives may be entitled to a payment upon termination of employment from the Company. Where so entitled, the termination payment has been agreed in the senior executive's contract of employment and it is not payable where termination of employment is for misconduct.

Further details in relation to the Company's remuneration policies are contained in the Remuneration Report within the Directors' Report in the Annual Report. The Company's Remuneration Policy is available on the Company's website.

<u>Recommendation 8.3: Equity Based Remuneration</u>
Long-Term Incentives

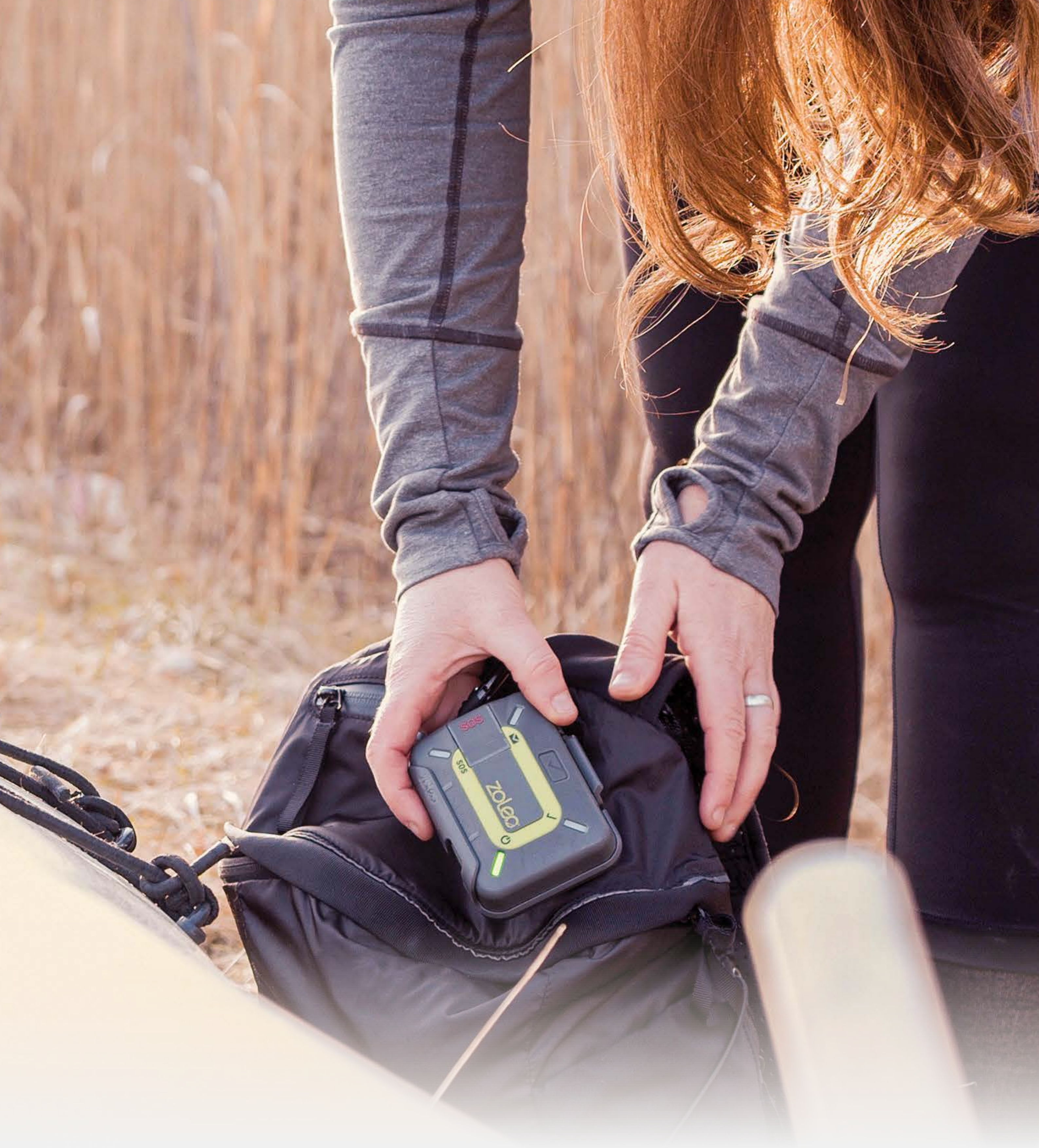
The Company has a share option scheme in which senior executives may be invited to participate. The Share Option Incentive Plan was approved by shareholders on 27 October 2017 and authorises the Directors to issue options up to 10% of the shares issued by the Company. The number of shares and options issued under the scheme is reasonable in relation to the existing capitalisation of the Company and all payments under the scheme are made in accordance with thresholds set in plans approved by shareholders. Any issue of options to Executive and Non-Executive Directors must be approved by Shareholders.

The Company has a Securities Trading Policy which aims to:

- protect stakeholders' interests at all times;
- ensure that directors and employees do not use any information they possess for their personal advantage or the Company's detriment; and
- ensure that Directors and employees comply with insider trading legislation of the various jurisdictions in which transactions may take place.

Purchase or sale of the Company's shares and/or options over such shares by Directors, executives and staff of the Company should only occur in circumstances where the market is considered to be fully informed of the Company's activities. This policy requires that the relevant person notify the Company Secretary of their intention to trade in the Company's shares and/or options over such shares prior to the transaction and that the Company Secretary be required to discuss the proposed trading intentions with the Chairman. The Board recognises that it is the individual responsibility of each Director to comply with this policy. Breaches of this policy may lead to disciplinary action being taken, including dismissal in serious cases. The Company's Securities Trading Policy is available on the Company's website.

The Corporations Act prohibits the key management personnel of an ASX listed company established in Australia, or a closely related party of such personnel, from entering into an arrangement that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.



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BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

		Year ended	
	Note	30 June 2020 $	30 June 2019 $
Revenue	2(a)	14,923,300	17,776,666
Other income	2(b)	1,917,865	743,863
Changes in inventories of raw materials, finished goods and work in progress		839,059	(1,421,131)
Raw materials, consumables and other costs of sale	2(c)	(9,192,850)	(9,307,401)
Employee benefits expense		(2,665,464)	(3,329,910)
Depreciation expense	8(a)	(211,015)	(63,233)
Amortisation expense	11(a)	(1,520,080)	(1,178,889)
Impairment expense	11(a)	(2,791,218)	(33,910)
Finance costs expense	2(d)	(271,516)	(139,587)
Auditor remuneration expense	22	(75,800)	(68,000)
Accounting, share registry and secretarial expense		(103,423)	(88,194)
Consultancy and contractor expense		(486,783)	(298,981)
Legal, insurance and patent expense		(182,413)	(175,364)
Marketing and ICT expense		(405,785)	(362,563)
Share of loss from interest in Joint Venture	7	(389,617)	(327,692)
Other expenses	2(e)	(901,782)	(1,003,677)
Profit (loss) before income tax		(1,517,523)	721,997
Tax expense	3(a)	(111,711)	(382,867)
Profit (loss) for the year		(1,629,234)	339,129
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		(1,629,234)	339,129

Net Profit (loss) and total comprehensive loss are both fully attributable to owners of the Company

Earnings per share (cents)	24	(0.31)	(0.64)
Diluted earnings per share (cents)	24	(0.31)	(0.64)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	30 June 2020 $	30 June 2019 $
Current assets			
Cash and cash equivalents	4	873,960	2,532,285
Inventories	5	3,576,082	2,737,022
Trade and other receivables	6	2,337,993	2,189,620
Total current assets		6,788,035	7,458,927
Non-current assets			
Interest in joint venture	7	404,918	100,227
Plant and equipment	8	93,811	102,957
Right-of-use assets	9	519,068	-
Deferred tax assets	10	1,015,413	863,745
Intangible assets	11	3,803,161	5,580,260
Total non-current assets		5,836,371	6,647,190
Total assets		12,624,406	14,106,117
Current liabilities			
Trade and other payables	12	2,785,037	3,502,547
Other financial liabilities	13	971,392	950,615
Lease liabilties	14	182,930	-
Provisions	15	1,294,111	1,190,085
Total current liabilities		5,233,471	5,643,247
Non-current liabilities			
Other financial liabilities	13	818,737	641,665
Lease liabilties	14	514,606	-
Provisions	15	47,120	32,713
Total non-current liabilities		1,380,463	674,378
Total liabilities		6,613,934	6,317,625
Net assets		6,010,472	7,788,492
Equity			
Issued capital	16	7,646,641	7,646,641
Reserves		320,394	411,189
Accumulated losses		(1,956,563)	(269,338)
Total equity		6,010,472	7,788,492

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Issued capital $	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2018	7,646,641	411,189	(608,467)	7,449,363
Profit for the year	-	-	339,129	339,129
Other comprehensive income for the year, net of income tax	-	-	-	-
Balance at 30 June 2019	7,646,641	411,189	(269,338)	7,788,492
Balance at 1 July 2019	7,646,641	411,189	(269,338)	7,788,492
Effect of initial application of AASB 16 - (Note 1)	-	-	(178,190)	(178,190)
Deferred tax effect of initial application of AASB 16 (Note 1)	-	-	29,403	29,403
Balance at 1 July 2019 - As restated	7,646,641	411,189	(418,125)	7,639,705
Profit for the year	-	-	(1,629,234)	(1,629,234)
Other comprehensive income for the year, net of income tax	-	-	-	-
Transactions with owners in their capacity as owners:				
- Adjustment for employee share options lapsed	-	(90,795)	90,795	-
Balance at 30 June 2020	7,646,641	320,394	(1,956,563)	6,010,472

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Year ended 30 June 2020 $	Year ended 30 June 2019 $
Cash flow from operating activities			
Receipts from customers		15,393,052	17,919,076
Payments to suppliers and employees		(13,614,662)	(15,705,440)
Interest received		717	3,192
Interest and finance charges paid		(220,743)	(139,587)
Income tax paid		(233,977)	(17,755)
COVID-19 relief		230,000	-
Net cash (used in)/ provided by operating activities	19(a)	1,554,387	2,059,485
Cash flow from investing activities			
Purchases of plant and equipment	8(a)	(56,595)	(44,341)
Development costs capitalised		(2,534,199)	(1,957,551)
Research and development grant		-	831,603
Interest in joint venture		(689,997)	(436,443)
Net cash used in investing activities		(3,280,791)	(1,606,732)
Cash flow from financing activities			
Net loan payments		220,978	1,550,607
Lease liability repayments		(152,900)	-
Net cash used in financing activities		68,078	1,550,607
Net decrease in cash and cash equivalents		(1,658,326)	2,003,360
Cash and cash equivalents at beginning of year		2,532,285	528,925
Cash and cash equivalents at end of financial year	19(b)	873,960	2,532,285

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

(i) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Reporting Basis and Conventions

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

(ii) New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by AASB that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 16 Leases

AASB 16 Leases became mandatorily effective on 1 July 2019. Therefore this standard has been applied for the first time in this set of financial statements. The transition approach and impact of this standard have been described below.

AASB 16 'Leases' replaces AASB 117 'Leases'. The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The transition impact upon initial adoption of AASB 16 on statement of financial position (increase/ (decrease)) is as follows:

	1 July 2019 $
Right-of-use assets	677,829
Deferred tax assets	29,403
Lease liabilities	(856,019)
Retained earnings	(148,787)

	1 July 2019 $
Operating lease commitments disclosed under AASB 117 as at 30 June 2019	963,508
New lease commitments as at 1 July 2019	32,916
Low value leases not recognised as a right-of-use asset	-
Adjustment in relation to variable lease payments	9,700
Operating lease liabilities before discounting	1,006,124
Discounted using incremental borrowing rate	(150,105)
Lease liability recognised under AASB 16 as at 1 July 2019	856,019
Right-of-use asset recognised under AASB 16 as at 1 July 2019	677,829
Reduction in opening retained earnings as at 1 July 2019	(148,787)
Deferred tax effect of initial application of AASB 16 as at 1 July 2019	29,403

When measuring lease liabilities for lease that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 7.3% to 8%.

Leases accounting policy

The Group assesses whether a contract is or contains a lease, at inception of the contract. The entity recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

1. Summary of significant accounting policies (continued)

(ii) New or amended Accounting Standards and Interpretations adopted (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the entity uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received, any initial direct costs and an estimate of any costs to dismantle and remove the asset at the end of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. They are subject to impairment or adjusted for remeasurement.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112. It does not apply to taxes or levies outside the scope of AASB 112, nor does it include specific requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately or collectively
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credit credits and tax rates
- How an entity considers changes in facts and circumstances

Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions, particular those relating to transfer pricing. The Company's and the subsidiaries' tax fillings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study,that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

(iii) Accounting policies

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Beam Communications Holdings Limited) and all of the subsidiaries which are entities the parent controls. A list of the subsidiaries is provided in Note 27.

(b) Income tax

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

A net deferred tax expense has been recognised in the current year reflecting the movements in deferred tax assets and liabilities for the period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. At each reporting date, the consolidated group re-assesses unrecognised deferred tax assets as to the extent that it has become probable that future tax profit will enable recognition.

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(b) 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.

Beam Communications Holdings Limited and its wholly owned Australian subsidiaries have formed a tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own tax expense and deferred tax. The current tax liability of each group entity and deferred tax assets arising from tax losses are immediately assumed by the parent entity.

(c) Plant & equipment

Plant and equipment is carried at cost less any accumulated depreciation and impairment losses, where applicable.

The carrying amount of plant and equipment is reviewed at each reporting date 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 assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Repairs and maintenance to plant and equipment is charged to the statement of profit or loss and other comprehensive income during the financial period in which it is incurred.

The depreciable amount of plant and equipment is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

The straight line depreciation rates for plant and equipment were:

Office furniture and equipment	10% - 20%
Computer and test equipment	33%
Rental equipment	20% - 33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials and direct labour.

(e) Intangible assets – development costs

Development costs are capitalised only when it is probable that the expected future economic benefits would flow to the company and can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to future production. Expenditure not related to the creation of a new product is recognised as an expense when incurred.

The amortisation rate for capitalised development costs is dependent on an assessment of the minimum useful life of each project. Recent projects/products have been assessed at 4 years giving a 25% amortisation rate during 2020.

(f) Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(f) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

Option based compensation relates to the value of options issued to date and brought to account pro-rata to the time period from the date of issue to the date of vesting, except in the case of Director's where Accounting Standard AASB 2 requires expensing to begin from the commencement of service related to those options, notwithstanding that the issue of those options is subject to shareholder approval.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(g) Financial instruments

Financial instruments in the form of trade receivables, trade payables and other financial assets and liabilities are initially measured at fair value adjusted by transactions costs on trade date when the related contractual rights or obligations arise. Realised and unrealised gains or losses arising from changes in the fair value of these assets or liabilities are included in the statement of profit or loss and other comprehensive income in the period in which they arise. At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Refer Note 17 for a detailed review of the group's financial instruments.

The Group does not designate any interests in subsidiaries as being subject to the requirements of Financial Instruments accounting standards.

(h) Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The group uses an Expected Credit Loss model in assessing impairment of trade and other receivables or loans and other instruments that fall within the scope AASB 9 impairment requirements. The model includes a simplified approach in accounting for trade and other receivables as well as contract assets, and records the loss allowance at the amount equal to the expected lifetime credit losses. Under this simplified approach, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Where applicable, bank overdrafts are disclosed within other financial liabilities in current liabilities on the statement of financial position.

(j) Revenue recognition

Revenue from the sale of goods or services is brought to account upon fulfilment of the relevant performance obligations of the contract with the customer. Performance obligations are fulfilled upon delivery of the goods or services to the customer at which point the transaction price is brought to account as revenue. The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer.

Interest revenue and rental income are recognised when they become receivable. Other revenue is recognised when the right to receive the revenue has been established.

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(k) Government grants

Government grants in the form of refundable Research and Development Tax Offsets received in respect of capitalised Development Costs are initially recognised as deferred income upon receipt, and brought to account as income on a systematic basis over the useful life of the related Development Cost assets.

Export market development grants are brought to account in the statement of profit or loss and other comprehensive income in the period received.

There are no unfulfilled conditions or other contingencies attaching to government grants recognised in the financial statements.

(l) Interest in joint venture

A joint venture represents the contractual sharing if control between parties in a business venture where unanimous decisions about relevant activities are required.

Where the Group is a party to a joint venture, the Group recognises its interests in the joint venture using the equity method whereby the investment in the joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

(m) Foreign currency transactions and balances

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates.

Transactions and balances

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

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

(n) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the asset or expense cost. Receivables and Payables are shown in the statement of financial position as inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

(o) Critical accounting estimates, judgments and assumptions

The preparation of the Group's consolidated financial statement requires management to make judgements, estimates and assumptions. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Information about areas of estimation uncertainty and critical assumptions are described in the following notes:

- Note 3 Deferred tax asset - tax losses
- Note 11 Impairment of intangible assets
- Note 14 Lease liabilities - Estimating the incremental borrowing rate
- Note 21 Share-based payment - Determination of valuation model and assumptions about incentive plan

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(p) New accounting standards for application in future periods

The below are Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods:

Accounting Standards and Interpretations	Applicable to annual reporting periods beginning on or after
• AASB 2019-1 Conceptual Framework for Financial Reporting Amendments to Australian Accounting Standards - Reference to conceptual framework	1 July 2020
• AASB 2018-6 Amendments to AASs Definition of a Business	1 July 2020
• AASB 2018-7 Amendments to AASs Definition of Material	1 July 2020
• AASB 2019-3 Amendments to AASs Interest Rate Benchmark Reform Business	1 July 2020
• AASB 2019-5 Amendments to AASs Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia Business	1 July 2020
• AASB 2020-1 Amendments to AASs Classification of Liabilities as Current or Non-current Business	1 July 2022
• AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 July 2022

The Group is in the process of reviewing these amended standards and interpretations however it is not expected that this will have a significant impact on the Group's consolidated financial statements.

	Year ended 30 June 2020 $	Year ended 30 June 2019 $
2 Profit (loss) before income tax		
(a) Disaggregation of revenue:		
Type of goods or services		
- Equipment sales	13,023,662	17,179,648
- Airtime	1,514,365	526,060
- Other	385,273	70,958
	14,923,300	17,776,666
Geographical markets		
- Australia	3,115,480	3,976,465
- United States of America	4,045,000	4,504,112
- United Arab Emirates	1,048,492	3,960,465
- United Kingdom	1,321,229	1,253,935
- China	284,976	783,920
- Canada	2,168,610	783,134
- Japan	450,198	488,406
- Other foreign countries	2,489,314	2,026,228
	14,923,299	17,776,666
Timing of revenue recognition		
- Goods and services transferred at a point in time	13,023,662	17,179,648
- Goods and services transferred over time	1,899,638	597,018
	14,923,300	17,776,666
(b) Other income		
- Research and Development grant	1,414,549	740,671
- Interest	164,187	3,192
- COVID-19 relief	332,500	-
- Other	6,629	-
	1,917,865	743,863

The Research and Development grant $1,414,549 includes $865,394 brought to account upon full amortisation of the capitalised Thuraya WE terminal, in accordance with the accounting policy detailed in Note 1 (iii) (k). (See also Note 11 (a).) The interest income includes interest-free benefit of $163,470 recognised on a U$600,000 loan from Roadpost. (See also Note 13 (b).) The Group was eligible to receive a JobKeeper allowance of $270,000 and a Cash Flow Boost payment of $62,500 from the Australian government. (See also Note 28.)

	30 June 2020 $	30 June 2019 $
(c) Cost of sales		
Opening inventories	2,737,022	4,158,153
Add: Purchases and other stock adjustments	9,192,850	9,307,401
	11,929,872	13,465,554
Closing inventories (Note 5)	(3,576,082)	(2,737,022)
	8,353,790	10,728,532
(d) Finance costs expense		
Interest expense on financial liabilities	213,864	139,587
Interest expense on lease liabilities	57,652	-
	271,516	139,587
(e) Other expenses include:		
- Product development costs expensed	273,796	311,516
- Operating lease payments	47,005	232,125
3 Income tax		
(a) The components of tax expense comprise:		
Current tax		
- Current tax expense (d)	233,977	17,755
- Current movement of temporary difference in net deferred tax assets	(368,234)	(7,550)
- Movement in deferred tax asset associated with carry forward tax losses	216,565	372,662
- Deferred tax effect of initial application of AASB 16 (Note 1)	29,403	-
Income tax expense transferred to statement of profit or loss and other comprehensive income	111,711	382,867
(b) Reconciliation of income tax expense and tax at statutory rate:		
Profit (loss) from ordinary activities	(1,517,523)	721,997
Income tax expense (benefit) at statutory rate of 27.5% (2019: 27.5%)	(417,319)	198,549
Add / (Less):		
Tax effect of:		
- Tax reconciling items	446,721	(198,549)
- Current year tax loss	233,977	17,755
- Deferred tax assets (gain) / loss	(122,266)	365,112
- Deferred tax effect of initial application of AASB 16 (Note 1)	(29,403)	-
Income tax expense attributable to the Consolidated Group	111,711	382,867

3 Income tax (continued)

(c) The deferred tax expense reflects the movements in the deferred assets and liabilities. The directors have maintained a conservative approach and have recognised 60% (2019: 60%) of the deferred tax assets and liabilities inclusive of carried forward tax losses.

Although the Directors expect sufficient future profitability to enable the full value of all deferred tax assets to be utilized, the decision has been taken not to increase the proportion taken up at this time, with longer demonstration of the Group's return to profitability required before the Board would consider doing so.

The amount of unused net deferred tax assets relating to tax losses which have not been brought to account (being the 40% portion) is $837,632 (2019: $982,008); and capital tax losses of $1,850,085 (2019: $1,850,085).

The amount of net deferred tax assets which may be realised in the future is dependent on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Income tax expense includes current year tax of $233,977 incurred by the Group's USA subsidiary which is unable to be claimed against Australian tax losses.

(e) There are no franking credits available to equity holders.

	Year ended	
	30 June 2020 $	30 June 2019 $
4 Cash and cash equivalents		
Cash at bank and on hand	873,960	2,532,285
5 Inventories		
Raw materials	795,681	829,686
Finished goods	3,025,401	2,102,336
Less: Provision for stock obsolescence	(245,000)	(195,000)
	3,576,082	2,737,022
6 Trade and other receivables		
(a) Current		
Trade receivables	1,342,615	1,207,740
Less: Provision for expected credit losses	-	-
Other receivables and prepayments	881,854	867,517
Rental & other security deposits	113,523	114,363
	2,337,993	2,189,620

(b) Ageing reconciliation	Gross amount	Within trade terms	Past due but not impaired (days overdue)			Past due & impaired
			31 - 60	61 - 90	90+	
2020						
Current						
Trade receivables	1,342,615	1,135,181	202,932	66	4,436	-
Other receivables	881,854	881,854	-	-	-	-
Rental and other security deposits	113,523	113,523	-	-	-	-
Expected credit loss rate	0%	0%	0%	0%	0%	0%
2019						
Current						
Trade receivables	1,207,740	572,116	462,159	4,993	168,472	-
Other receivables	867,517	867,517	-	-	-	-
Rental & other security deposits	114,363	114,363	-	-	-	-
Expected credit loss rate	0%	0%	0%	0%	0%	0%

All trade receivables past due terms but not impaired are expected to be received in the normal course of business.

	Year ended	
	30 June 2020	30 June 2019
	$	$
7 Interest in joint venture		
Investment in joint venture	1,117,717	427,919
Group's accumulated share of loss from Zoleo Inc joint venture	(712,799)	(327,692)
	404,918	100,227

The Group has a 50% share in a joint venture company, Zoleo Inc , which was incorporated in Canada in August, 2018.

Zoleo Inc had no contingent liabilities or capital commitments as at 30 June 2020.

The Group contributed U$475,000 to the joint venture during the year, which was recognised as an increase in investment as per the equity accounting method.

Summarised financial information:

	Zoleo Inc	
	30 June 2020	30 June 2019
Summarised statement of financial position:		
Current Assets	1,430,190	530,756
Total Assets	1,430,190	530,756
Current Liabilities	620,365	330,301
Non -current Liabilities	2,258,488	855,554
Total Liabilities	2,878,853	1,185,855
Net Asset Deficiency	(1,448,663)	(655,099)
Share Capital	291	285
Accumulated Losses	(1,448,954)	(655,384)
Net Equity	(1,448,663)	(655,099)
Summarised statement of profit or loss and other comprehensive income:		
Revenue	2,174,203	-
Cost of goods sold	2,196,968	-
Expenses:		
Operating Expenses	572,107	427,777
Marketing	21,626	81,388
Professional services	59,190	100,162
Other Expenses	103,545	46,057
Total Expenses	756,468	655,384
Loss for the year	(779,233)	(655,384)
Group's share of loss for the year ended	(389,617)	(327,692)

		Year ended	
		30 June 2020 $	30 June 2019 $
8	**Plant and equipment**		
	Office furniture and equipment - at cost	491,431	481,592
	Less: Accumulated depreciation and impairment	(448,980)	(428,195)
		42,451	53,398
	Computer and test equipment - at cost	390,971	370,110
	Less: Accumulated depreciation and impairment	(356,412)	(331,187)
		34,559	38,923
	Rental equipment - at cost	44,458	36,199
	Less: Accumulated depreciation and impairment	(27,657)	(25,562)
		16,801	10,637
	Total plant and equipment	93,811	102,957

(a) Movements in carrying amounts

Movements in the carrying amounts of each class of plant and equipment between the beginning and the end of the current financial year

	Office Furniture & Equipment	Computer & Test Equipment	Rental Equipment	Total
Balance at 1 July 2018	50,262	63,930	8,806	122,998
Additions	23,332	12,797	8,212	44,341
Disposals	-	-	(1,148)	(1,148)
Depreciation expense	(20,196)	(37,805)	(5,233)	(63,234)
Balance at 30 June 2019	53,398	38,922	10,637	102,957
Additions	9,839	20,861	25,895	56,595
Disposals	-	-	(13,486)	(13,486)
Depreciation expense	(20,785)	(25,225)	(6,245)	(52,255)
Balance at 30 June 2020	42,452	34,558	16,801	93,811

		Year ended	
		30 June 2020 $	30 June 2019 $
9	**Right-of-use assets**		
	Balance recognised at the beginning of the year	677,829	-
	Additions	-	-
	Disposals	-	-
	Balance at the end of year	677,829	-
	Accumulated depreciation		
	Balance recognised at the beginning of the year	-	-
	Charge for the year	(158,761)	-
	Disposals	-	-
	Balance at the end of year	(158,761)	-
	Carrying amount	519,068	-

The Group leases several assets which includes building, forklift and printers and the lease term of these assets are 9 years, 3 years and 5 years respectively. However the lease term left at the end of current reporting period is less then 4 years. There are no variable lease payment terms in any lease contracts.
There are no extension or termination options on the leases.
The Group received a rental relief for the office buildings in light of COVID-19. 15% of May and June rents were deferred for 24 months and another 15% waived. The deferred amount of $4,934 will be paid in split amounts in May and June 2022.

Amount recognised in profit or loss		
Depreciation expense on right-of-use assets	158,761	
Interest expense on lease liabilities	57,652	
Expense relating to short-term leases	1,200	
Expense relating to leases of low value assets	22,558	

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10 Tax

Non-current

Deferred tax assets

	Balance at 1 July2019	Charged to Income	Balance at 30 June 2020
Deferred tax assets:			
Carrying amount of patents and capital raising costs	235	(91)	144
Accruals	73,070	18,736	91,806
Provisions	238,171	26,919	265,090
Lease Liabilities	-	115,093	115,093
Tax losses	1,473,012	(216,565)	1,256,447
	1,784,488	(55,908)	1,728,580
Deferred tax liability:			
Product development costs	(920,743)	293,222	(627,521)
Right-of-Use Assets	-	(85,646)	(85,646)
	863,745	151,668	1,015,413

	Year ended	
	30 June 2020 $	30 June 2019 $
11 Intangible assets		
Development costs capitalised - at cost	16,623,642	14,089,443
Accumulated amortisation and impairment	(12,820,481)	(8,509,183)
	3,803,161	5,580,260
(a) Movements in carrying amounts		
Balance at the beginning of the year	5,580,260	4,835,509
Additional costs capitalised	2,534,199	1,957,550
Amortisation expense	(1,520,080)	(1,178,889)
Impairment expense	(2,791,218)	(33,910)
Balance at the end of the year	3,803,161	5,580,260

The Group has assessed the minimum useful life of products from recent development projects at 4 years giving a 25% amortisation rate on completed projects during FY2020.

In line with the accounting policy detailed in Note 1 (iii) (h) the carrying value of assets is reviewed to determine whether there is an indication that those assets have been impaired. At 30 June 2020 the Group decided that three projects should have their carrying value reduced to zero at a cost of $820,565 as they had been terminated. In addition in the absence of further orders after the initial contractual quantity was delivered in November 2018, the Group has decided to reduce the partially amortised carrying value of the Thuraya WE terminal at a cost of $1,970,653. Also in line with accounting policy the remaining relevant deferred R&D grant received has been brought to account giving an offsetting credit of $865,394. (See also Note 2 (b)).

12 Trade and other payables		
Current		
Trade payables and accruals	2,258,898	1,310,299
Deferred income	526,139	2,192,248
	2,785,037	3,502,547

Included in Deferred Income at 30 June 2020 is $257,307 of deferred R&D grant income (2019: $ $1,671,857). The Group brings to account the R&D grant income over the same period as the amortisation of the related completed project cost. This resulted in $1,414,549 of R&D grant income being recognised in the statement of profit & loss for the year as shown in Note 2 (b).

	Year ended	
	30 June 2020 $	30 June 2019 $
13 Other financial liabilities		
Secured loan (a)	971,392	950,615
Non Current		
Secured loan (b)	758,703	641,665
Unsecured loan (c)	60,034	-
	818,737	641,665

Secured loans

(a) The Group has a secured loan finance facility with SGV1 Holdings Limited for US$2,000,000. As at 30 June 2020, US$666,666 (A$971,392) has been drawn down. The security is a general security interest over the group's assets and undertakings, ranking second behind the bank facilities. It has been utilized mainly for the purposes of funding product development projects. On 20 August 2020, SGV1 Holdings Limited extended the U$2mil secured loan facility from 1 January 2021 out until 1 April 2022.

(b) In addition the Company has a secured loan facility with Roadpost Inc. of up to US$600,000. Roadpost is a Canadian company and a joint venture partner with Beam Communications Pty Ltd to develop, market and distribute the Zoleo product, a satellite based messaging device, including associated airtime contracts. The interest-free Assistance Loan is to assist Beam to establish the business and is repayable at Beam's sole discretion. The interest-free benefit was recognised at $163,470. (See also Note 2 (b).) As at 30 June 2020, US$600,000 (A$758,703) has been drawn down. The total loan balance of A$758,703 represents the fair value of the loan at 30 June 2020. The loan is secured by Beam's pledge of shares in Zoleo Inc, an entity established with Roadpost to manage the Zoleo business.

(c) The Group has an unsecured loan facility with supplier DEK Technologies Pty. Ltd. for A$400,000 to fund the GO2 development costs. Beam pays 50% of each invoice by the due date and the remaining 50% is taken to the loan facility. The unsecured loan facility is for a 24 months term from the first invoice payable date, unless Beam repays the loan in full prior to the expiration of the 24 month period.

	Year ended	
	30 June 2020 $	30 June 2019 $
14 Lease liabilities		
(a) Carrying amounts and movements:		
At beginning of the year	856,019	-
Additional	-	-
Decrease in liability	(158,483)	-
At the end of the year	697,536	-
Disclosed as:		
Current	182,930	-
Non-current	514,606	-
	697,536	-

The entity does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The incremental borrowing rate applied to various lease liabilities recognised under AASB 16 ranges between 7.30% - 8%.

The maturity analysis of lease liabillities are disclosed in Note 17(d).

	Year ended 30 June 2020 $	Year ended 30 June 2019 $
15 Provisions		
Current		
Employee benefits	1,082,979	998,925
Warranty costs	211,132	191,160
	1,294,111	1,190,085
Non current		
Employee benefits	47,120	32,713

(a) Movements in provisions

	Employee benefits	Warranty costs	Total
Balance at the beginning of the year	1,031,638	191,160	1,222,798
Additional provisions	516,827	34,076	550,904
Amounts used	(418,366)	(14,104)	(432,471)
Balance at the end of the year	1,130,099	211,132	1,341,231

	Year ended 30 June 2020 $	Year ended 30 June 2019 $
16 Issued capital		
Issued and paid up capital:		
Ordinary fully paid shares	7,646,641	7,646,641

The Company has 52,873,452 ordinary shares on issue at 30 June 2020 (2019: 52,873,452).

	Number of shares	$
Balance at 30 June 2019	52,873,452	7,646,641
Shares Issued	-	-
Balance at 30 June 2020	52,873,452	7,646,641

(a) Options over issued capital

The total number of potential ordinary shares attributable to options outstanding as at 30 June 2020 is 1,697,025 (2019: 2,486,550), of which 789,525 (2019: 1,579,050) were issued to employees under the Company's Share Option Incentive Plan and 907,500 (2019: 907,500) were issued to Directors following shareholder approval. Refer Note 21: Share Based Payments, for details of options issued, exercised and lapsed during the financial year and the options outstanding at year end.

16 Issued capital (continued)

(b) Capital management

When managing capital, management's objective is to ensure the Consolidated Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

No dividends have been paid or declared in respect of ordinary shares for the 2020 or prior years.

The Consolidated Group effectively manages its capital by assessing the financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders, share issues, or convertible note issues.

17 Financial instruments

The Consolidated Group undertakes transactions in a range of financial instruments including:
- cash assets;
- receivables;
- payables;
- deposits;

Activities undertaken by entities within the Consolidated Group result in exposure to a number of financial risks, including market risk interest rate risk, foreign currency risk, credit risk and liquidity risk.
Due to the size of operation conducted by the Consolidated Group, risk management is monitored directly by the Board of Directors of the parent company with the aim of mitigation of the above risks and reduction of the volatility on the financial performance of the Group.
The risks associated with material financial instruments and the Consolidated Group's policies for minimising these risks are detailed below.

(a) Interest rate risk management

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

Interest rate risk for the Consolidated Group primarily arises from:

- Bank Funding - Facilities are provided by the Consolidated Group's bankers and if drawn upon are at variable interest rates based upon Business Overdraft Prime Indicator rates plus a risk margin. The group diligently manages the facilities and its accompanying rate risk in its daily operations by keeping the net debt portfolio at a minimum level or in an infunds position.

These risk exposures related to the financial instruments are not considered material and therefore no sensitivity analysis has been provided.

Financial Instrument Composition and Maturity:

The Consolidated Group's exposure to interest rate risk, and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2020	**Floating Interest**	**Fixed Interest**	*Weighted Average Interest Rate*	**Non-Interest bearing**	**TOTAL**
Financial asset					
Cash assets	873,960	-	*0.00%*	-	873,960
Receivables	-	-	*0.00%*	2,337,993	2,337,993
TOTAL	873,960	-		2,337,993	3,211,953
Financial liability					
Payables (excluding deferred income)	-	1,031,426	*10.00%*	3,017,601	4,049,027
Lease liabilities	-	697,536	*7.36%*	-	697,536
TOTAL	-	1,728,962		3,017,601	4,746,563
2019					
Financial asset					
Cash assets	2,532,285	-	*0.02%*	-	2,532,285
Receivables	-	-	*0.00%*	2,189,620	2,189,620
TOTAL	2,532,285	-		2,189,620	4,721,905
Financial liability					
Payables (excluding deferred income)	-	905,615	*10.00%*	1,996,964	2,902,579
TOTAL	-	905,615		1,996,964	2,902,579

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17 Financial instruments (continued)

(b) Foreign currency risk management

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Consolidated Group conducts the majority of its receivable and payable transactions in foreign currency, primarily in US Dollars. The Group's foreign currency exchange risk arises from the holding of foreign currency deposits and transactions in normal trading operations resulting in trade receivables and payables being held at balance date.

Foreign currency risk sensitivity:
If foreign exchange rates were to increase/decrease by 10% from rates used to determine values as at reporting date then the impacts on profit and equity due to unrealised foreign currency exchange gains or losses on foreign currency deposits and trade receivables and payables are as follows:

	Foreign currency movement	Year ended 30 June 2020 $	Year ended 30 June 2019 $
Impact on profit after tax	+/- 10%	+/-68,382	+/-76,142
Impact on equity	+/- 10%	+/-68,382	+/-76,142

The above sensitivity reflects the low net holding of foreign currency financial instruments at balance date. Whilst foreign currency payables and receivables are largely offsetting during the year, the Group monitors and manages the associated currency risks in order to reduce the impact of market risk volatility, therefore no further sensitivity analysis has been provided.

(c) Credit risk management

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss to the Consolidated Group.

The credit risk on financial assets of the Consolidated Group that have been recognised in the statement of financial position is the carrying amount, net of any provision for doubtful debts. The Consolidated Group minimises credit risk by performing credit assessments on all new customers, continuing major customers, and where necessary, obtaining advance payments.

Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, an allowance for doubtful debts is raised.

The Consolidated Group does not have any credit risk arising from money market instruments foreign currency contracts, cross currency and interest rate swaps.

(d) Liquidity risk management

Liquidity risk includes the risk that, as a result of the Consolidated Group's operational liquidity requirements, the Group:
- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth;
- may be unable to settle or recover a financial asset at all.

To help reduce these risks the Consolidated Group:
- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained; and
- monitors forecast cash flows and endeavours to ensure that adequate borrowing facilities are maintained and/or maturity dates are managed appropriately.

The Consolidated Group's exposure to liquidity risk on classes of financial assets and financial liabilities, is as follows:

	< 1 Year	1 - 5 Years	Total contractual cash flows	Carrying amount
2020				
Asset class				
Cash and cash equivalents	873,960	-	873,960	873,960
Receivables	2,224,471	113,522	2,337,993	2,337,993
Payables (excluding deferred income)	(3,230,290)	(818,737)	(4,049,027)	(4,049,027)
Lease liabilities	(182,930)	(514,606)	(697,536)	(697,536)
Net maturities	(314,789)	(1,219,821)	(1,534,610)	(1,534,610)
2019				
Asset class				
Cash and cash equivalents	2,532,285	-	2,532,285	2,532,285
Receivables	2,075,256	114,364	2,189,620	2,189,620
Payables (excluding deferred income)	(2,260,914)	(641,665)	(2,902,579)	(2,902,579)
Net maturities	2,346,627	(527,301)	1,819,326	1,819,326

(e) Net fair values of financial assets and liabilities

Secured loan with Roadpost Inc. was measured at fair value under AASB 13 and classified as Level 3 in the fair value hierarchy. The Group received a financing benefit, being non-cash consideration, in the form of an interest free loan. The Group has used discount rate of 6% to calculate its interest free benefit. This assumption is not directly observable. The increase in the discount rate would decrease the fair value of the loan.

	Year ended	
	30 June 2020	30 June 2019
	$	$

18 Capital expenditure commitments

Capital expenditure commitments

Capital expenditure projects		
Not longer than one year	2,707,924	2,628,784
Longer than one year and not longer than five years	295,754	727,127
Longer than five years	-	-
	3,003,678	3,355,911

Capital commitments relate to product development projects being undertaken by the subsidiary, Beam Communications Pty Ltd.

Superannuation commitments

Beam Communications Holdings Limited makes superannuation contributions to prescribed superannuation funds on behalf of employees and executive directors, as required by the Superannuation Guarantee legislation. The principal types of benefits are death, permanent disability and superannuation benefits upon retirement.

19 Notes to the statement of cash flows

(a) Reconciliation of Profit / (loss) after income tax benefit to net cash flow from operating activities

	30 June 2020 $	30 June 2019 $
Profit / (loss) after tax	(1,629,234)	339,129
Adjustments for		
Depreciation	211,015	63,233
Amortisation	1,520,080	1,178,889
Impairment	2,791,218	33,910
Net loss on disposal of plant and equipment	13,486	1,148
Share of loss in joint venture	389,617	327,692
Unrealised foreign currency net losses	158,113	54,605
Interest free benefit	(163,470)	-
Notional interest expense	50,773	-
Changes in assets and liabilities:		
Increase in trade and other receivables	(281,325)	(446,617)
(Increase) / Decrease in inventory	(889,059)	1,351,131
(Increase) / Decrease in deferred tax assets	(122,266)	365,112
Decrease in trade and other payables	(662,993)	(1,776,922)
Increase in employee provisions	98,461	441,993
Increase in provision for warranty costs	19,972	56,180
Increase in provision for stock obsolescence	50,000	70,000
Net cash (used in)/ provided by operating activities	1,554,387	2,059,485

	Year ended 30 June 2020 $	Year ended 30 June 2019 $

19 Notes to the statement of cash flows (continued)

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:

	30 June 2020 $	30 June 2019 $
Cash and cash equivalents (Note 4)	873,960	2,532,285

(c) Non cash financing and investing activities

Non cash financing and investing activities undertaken by the Consolidated Group during the year are disclosed in Note 21.

(d) Facilities

All bank facilities are secured by first ranking Registered Mortgage Debenture over the Consolidated Group's assets including uncalled capital and called but unpaid capital. At 30 June 2020, the company had the following unused bank facilities:

- an Australian dollar overdraft with a limit of $300,000. The overdraft was not utilised at 30 June 2020.
- a US dollar overdraft with a limit of US$320,000. The US dollar overdraft was not utilised at 30 June 2020.

Bank guarantee facilities of the Consolidated Group total $150,000 of which $100,000 has been allocated to a subsidiary company and $50,000 to the parent. Both were fully utilised at 30 June 2020.

The Consolidated Group's banking facilities are subject to the Group satisfying quarterly covenants set by the bank. The Group did not meet all covenants during the year ended 30 June 2020, due mainly to the timing of major sales orders, however the bank reconfirmed the banking facilities as continuing on 18 August 2020.

The Consolidated Group had partly unused secured loan facilities with SGV1 Holdings Limited and Roadpost Inc. Refer to Note 13 for details.

20 Key management personnel disclosures

Compensation by category

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	30 June 2020 $	30 June 2019 $
Short-term employee benefits	1,133,349	1,163,341
Post-employee benefits	78,428	76,122
Other long-term benefits	13,365	4,224
Termination benefits	-	-
Share-based payments	-	-
	1,225,142	1,107,281

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21 Share based payments

Share options are granted at the discretion of the directors based on terms and conditions set out in the Company's Share Option Incentive Plan. The directors may at any time and from time to time determine eligible persons for the purposes of the option plan and select amongst those eligible persons participants who will be invited to participate in the option plan.

Options issued to directors pursuant to the option plan will be subject to approval of shareholders in general meeting, in compliance with the Listing Rules.

(a) The following share based payment arrangements existed at 30 June 2020:

(i) 884,813 options were granted on 31 March 2015 to key employees with an expiry date of 31 March 2020 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 June 2015 at $0.195 per share (Issue WRR55).

884,813 of these options lapsed or were cancelled in the periods prior to 30 June 2020.
None of these options are outstanding as at 30 June 2020.

(ii) 884,813 options were granted on 24 December 2015 to key employees with an expiry date of 31 August 2020 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 June 2016 at $0.195 per share (Issue WRR56).

95,288 of these options lapsed or were cancelled in the periods prior to 30 June 2020.

789,525 of these options are outstanding as at 30 June 2020.

(iii) 907,500 options were granted on 24 December 2015 to a director with an expiry date of 30 November 2020 on the terms and conditions set out in the Company's Share Option Incentive Plan. These options were exercisable from 30 June 2016 at $0.195 per share (Issue WRR57).

907,500 of these options are outstanding as at 30 June 2020.

(b) The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year for the Company:

	30 June 2020		30 June 2019	
	No.	WAEP $	No.	WAEP $
Outstanding at the beginning of the financial year	2,486,550	0.1950	3,086,550	0.2834
Granted during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Cancelled during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Expired during the financial year	(789,525)	-	(600,000)	0.6500
Outstanding at the end of the financial year	1,697,025	0.1950	2,486,550	0.1950
Exercisable at the end of the financial year	1,697,025	0.1950	2,486,550	0.1950

(c) Notes to Share Based Payments

The weighted average remaining contractual life for the share options outstanding as at 30 June 2020 is 0.30 years (2019: 1.12 years).
The exercise price for options outstanding at the end of the year was $0.195 (2019: $0.195).
The weighted average fair value of options granted during the year was $0 (none granted) (2019: $0 (none granted)).
The fair value of equity-settled share options granted under the Company's Share Option Incentive Plan is estimated as at grant date using the Binomial Option Valuation model, with Black Scholes crosscheck, taking into account the terms and conditions upon which the options were granted.

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	Year ended	
	30 June 2020	30 June 2019
	$	$
22 Remuneration of auditors		
Remuneration of the Auditor for auditing or reviewing financial reports of the Consolidated Group	75,800	68,000

23 Related party transactions

Related party transactions with the Seasons Group and SGV1 Holdings Limited, which are related to Mr C Hung, a director of the company.

	30 June 2020	30 June 2019
Transactions with the Seasons Group		
- Purchases	2,450,879	3,764,783
- Sales	(87,978)	(124,323)
Amounts outstanding with the Seasons Group		
- Receivables	16,854	9,316
- Payables	(45,893)	(47,187)
Transactions with SGV1 Holdings Limited		
- Secured Loan Payable	971,392	950,615

Mr C Hung is a director of the company, and is also the president and a director of Season Group. During the year ended 30 June 2020 the company subcontracted manufacturing on an arms length basis to Season Group, in accordance with a contract signed prior to his appointment as director. Transactions between the company and Season Group are on normal commercial terms and conditions no more favourable than those available to other parties.

On 19 October 2016 the Group entered into a secured finance facility with a major shareholder, SGV1 Holdings Limited, a company associated with Mr Carl Hung. In July 2018 US$333,333 was drawn on the facility and a further US$333,333 was drawn in September 2018. Refer to Note 13 (a) for more details.

24 Earnings per share

	30 June 2020	30 June 2019
Overall operations	¢	¢
Basic earnings (loss) per share	(0.31)	0.64
Diluted earnings (loss) per share	(0.31)	0.64
	No.	No.
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share	52,873,452	52,873,452
Weighted average number of dilutive options on issue	-	-
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of Dilutive Earnings Per Share	52,873,452	52,873,452
Anti-dilutive options on issue not used in dilutive EPS calculation	1,697,025	2,486,550

Anti-dilutive options have not been considered in the dilutive earnings per share calculation due to the average market price being less than the exercisable price.

	30 June 2020	30 June 2019
	$	$
Earnings:		
Earnings (loss) used in the calculation of Basic Earnings Per Share	(1,629,234)	339,129
Earnings (loss) used in the calculation of Dilutive Earnings Per Share	(1,629,234)	339,129

25 Segment reporting

(a) Sole operating segment

The Consolidated Group has identified operating segments based upon internal reports that are reviewed and used by the Directors in assessing performance and determining the allocation of resources in respect of its satellite communications products services and online sales. As the online sales segment operated by SatPhone Shop Pty Ltd, a wholly owned subsidiary company, does not meet the quantitative threshold for separate disclosure, the company considers its aggregate segment as it sole segment. Accordingly, revenue and results are fully disclosed in the consolidated statement of profit or loss and other comprehensive income for this aggregated sole operating segment.

Revenue and results are fully disclosed in the consolidated statement of profit or loss and other comprehensive income for the aggregated sole operating segment.

The consolidated statement of financial position discloses the sole operating segment assets and liabilities which are held within Australia.

(b) Major customers

The Consolidated Group has a number of customers to whom it provides products and services. The Consolidated Group supplied a single customer in the United States accounting for 19% of external revenue (2019: the largest customer was in the United Arab Emirates, 20%) and the second largest customer, located in Canada, accounted for 7% of external revenue (2019: second largest customer was in the United States, 18%). The next most significant customer also accounts for 6% of external revenue (2019: 8%).

	Year ended	
	30 June 2020 $	30 June 2019 $
26 Parent company disclosures		
Set out below is the supplementary information about the parent entity.		
(a) Statement of profit or loss and other comprehensive income		
Loss from continuing operations	(694,156)	(1,276,759)
Tax expense	122,266	(365,112)
Loss for the year attributable to owners of the Company	(571,890)	(1,641,871)
Other comprehensive income	-	-
Total loss and other comprehensive income for the year attributable to owners of the Company	(571,890)	(1,641,871)
(b) Statement of financial position		
Assets		
Current assets	412,459	1,144,869
Non-current assets	1,611,491	956,065
Total assets	2,023,950	2,100,934
Liabilities		
Current liabilities	4,750,545	4,467,017
Non-current liabilities	561,726	32,713
Total liabilities	5,312,271	4,499,730
Deficiency of net assets	(3,288,321)	(2,398,796)
Equity		
Issued capital	7,646,641	7,646,641
Reserves	320,394	411,189
Accumulated losses	(11,255,356)	(10,456,626)
Total equity	(3,288,321)	(2,398,796)

26 Parent company disclosures (continued)

(c) Guarantees

The parent company has no contractual guarantees in place.

(d) Contractual commitments

The parent entity has no capital expenditure commitments.

(e) Significant accounting policies of the parent are the same as those for the consolidated entity.

27 Controlled entities

	Incorporated	Share class	Holding	
Investments in unquoted corporations being controlled entities:			**2020**	**2019**
Beam Communications Pty Ltd	Australia	Ordinary	100%	100%
SatPhonerental Pty Ltd	Australia	Ordinary	100%	100%
SatPhone Shop Pty Ltd	Australia	Ordinary	100%	100%
Beam Communications USA Inc	USA	Ordinary	100%	100%
Pacarc (PNG) Limited (Dormant)	Papua New Guinea	Ordinary	100%	100%

28 COVID-19 outbreak

Conditions created by the COVID-19 pandemic remain highly fluid and are constantly evolving in Australia and world-wide. However, Beam is cautiously optimistic as sales have largely rebounded from the initial and continuing COVID-19 lockdowns internationally. Beam's operations of sales, warehousing and distribution, based out of Australia, have continued to operate without significant impact and overseas production resumed quickly in China and also in Malaysia although under restictions there.

While gross revenues in April and May were 30-35% lower than the same months last year, June recovered significantly such that June quarter was approximately 15% lower than in 2019 and only the April month produced a negative Group operating result.

The Australian government announced the implementation of measures to mitigate the impact of COVID-19 and Beam qualified to receive a JobKeeper allowance of $90,000 per month starting in April. Additionally, the Group received a 3 year term loan from the National Australia Bank of $500,000 partially secured by the Australian government immediately after the Reporting period.

The impact of COVID-19 has not thus far been as severe as revised modelling had contemplated. Since the start of June, Beam has observed a notable improvement in world-wide interest from consumers for ZOLEO and the inclination for consumers to pursue leisure activities in countries which are not in strict lockdowns such as USA and Canada. This bodes well for the outlook for satellite communication devices however the duration and future direction of the COVID-19 crisis cannot be predicted.

29 Events after the reporting period

The Group received a 3 year term loan from the National Australia Bank of $500,000 partially secured by the Australian government on 1 July 2020. On 20 August 2020, SGV1 Holdings Limited extended the US$2m secured loan facility provided to the Group from 1 January 2021 out until 1 April 2022 (Refer also Note 13).

Other than the above, there have been no significant events since 30 June 2020.

30 Company details and principal place of business

Beam Communications Holdings Limited is a limited company incorporated in Australia.
The principal activities of the Company and subsidiaries are outlined in the Director's Report.
The address of its registered office and principal place of business is:

5 / 8 Anzed Court
Mulgrave, VIC, 3170
Australia

DIRECTORS’ DECLARATION

The directors of Beam Communications Holdings Limited declare that:

1. The financial statements and notes as set out in pages 28 to 52 are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards;

   (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the company and consolidated group; and

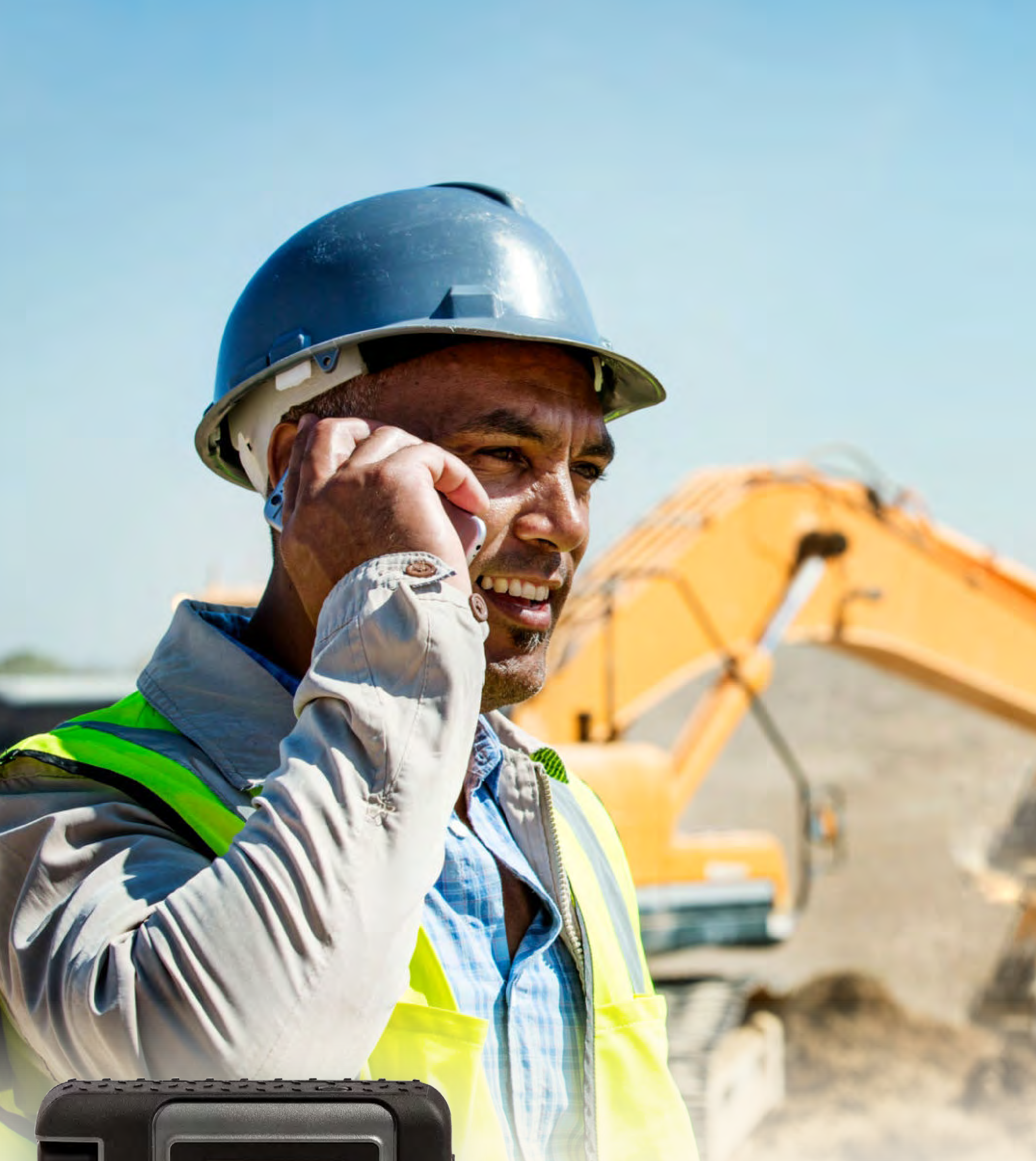
   (c) any other matters that are prescribed by the regulations for the purposes of this declaration in relation to the financial statements and the notes for the financial year are also satisfied.

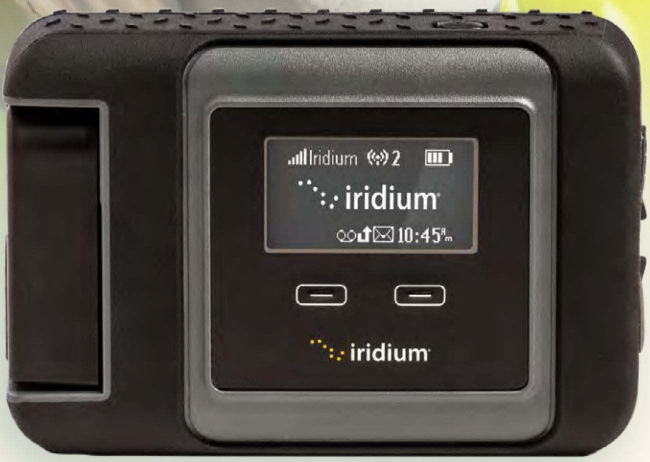
2. In the director’s opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ending 30 June 2020.

This declaration is made in accordance with a resolution of the Board of Directors on 27 August 2020.

Mr Simon Wallace
Chairman
Date: 28 August 2020





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INDEPENDENT AUDITOR'S REPORT
To the Members of Beam Communications Holdings Limited

Opinion

We have audited the financial report of Beam Communications Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

I. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

II. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Impairment of Intangible Assets Refer to Note 11 in the financial statements	
The Group has intangible assets of $3.8m, being capitalised development costs relating to the Marconi and GO! SFX projects. The Marconi asset was available for use from 29 January 2020, and therefore amortisation commenced during FY20. The GO! SFX project was not available for use as at 30 June 2020. Further, management have determined that an impairment of $2.79m was required on three other projects, including the Thuraya asset. Management have performed an impairment assessment for all other material project assets based on a value in use calculation, which determined that no further impairment had occurred. We identified this area as a Key Audit Matter due to the size of the intangible assets balance, the management judgement required to assess whether any indicators of impairment exist, and where any indicators of impairment existed, management judgement involved in determining the value in use of the relevant assets based on the estimated future cash flows generated.	Our audit procedures in relation to intangible assets included: • Assessing management's review for any indicators of impairment; • Where indicators existed, assessing management's impairment assessment by checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; • Challenging the reasonableness of key assumptions, including the cash flow and revenue projections, revenue growth rate, exchange rates, discount rates, and any sensitivities used; and • Confirming our understanding of the nature of the intangible assets, the strategic purpose of the projects and its ability to generate future revenues through discussions with management. • Reviewing the adequacy of disclosures against the requirements of AASB 136.
Fair Value of Interest Free Loan Refer to Note 13 in the financial statements	
The group received a $0.87m loan that bears no interest. Given the nature of the loan, the determination of the fair value of the loan can be complex and requires significant management estimate and judgement. Further, the correct accounting treatment between the fair value of the loans and the face value of the loans can be complex. For the reasons noted above, accounting for the above loan was considered a key audit matter.	Our audit procedures in relation to the accounting for interest free loans included: • Reviewing loan agreement to verify loan amount, interest rate and maturity date; • Obtaining confirmation from the lender verifying he loan balance at balance date; • Assessing management's assumptions in determining the fair value of the loan, including the discount rate/market interest rate used; and • Reviewing the accounting treatment for the difference between fair value of the loan and the face value of the loan.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Beam Communications Holdings Limited., for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Report on the Remuneration Report (continued)

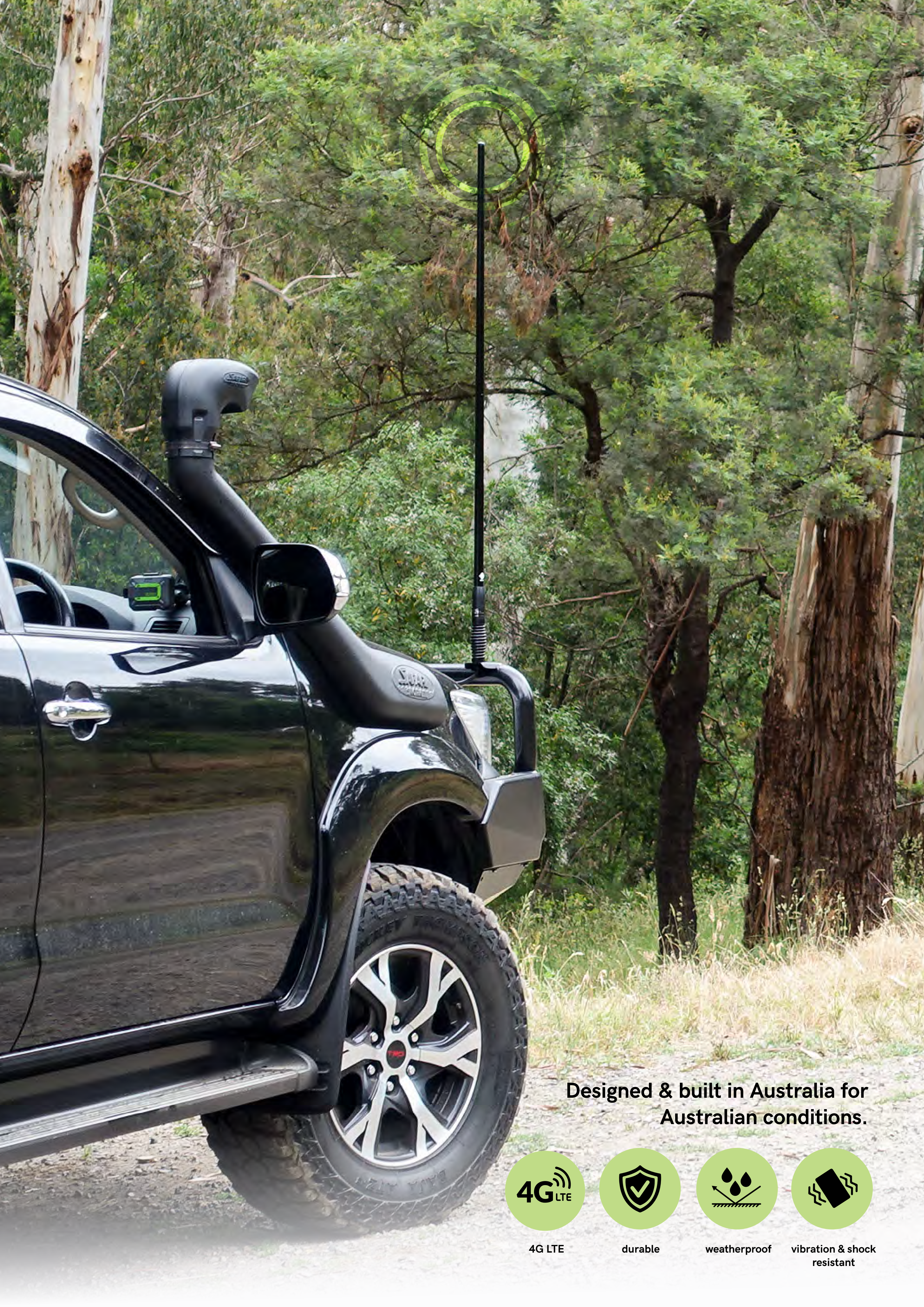
Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance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

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Dated: 28 August 2020
Melbourne, Victoria

AUDITOR'S REPORT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4G LTE
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weatherproof
vibration & shock
resistant

AUSTRALIAN SECURITIES EXCHANGE INFORMATION

As at 31 August 2020.

This section includes information required by ASX Listing Rules which is not disclosed elsewhere in this Annual Report.

TWENTY LARGEST SHAREHOLDERS

	Number	% of Class
DAVID STEWART/GLENAYR P/L	10,905,000	20.62%
FF OKRAM PTY LTD	8,634,258	16.33%
SGV1 HOLDINGS LIMITED	5,409,874	10.23%
ARTPRECIATION PTY LTD	1,798,632	3.40%
WASHINGTON SOUL PATTINSON	1,636,144	3.09%
CAPOCCHI SUPER PTY LTD	1,603,899	3.03%
VINCENT GALANTE	1,111,146	2.10%
RAPAKI PTY LTD	1,076,473	2.04%
HOTTON FAMILY	832,052	1.57%
EVERCITY PTY LTD	780,000	1.48%
TOM BEKIARIS	731,835	1.38%
HSBC CUSTODY NOMINEES	608,590	1.15%
CITICORP NOMINEES PTY LTD	529,977	1.00%
ROBERT MANSFIELD NIALL	527,200	1.00%
G CHAN PENSION PTY LTD	499,988	0.95%
TWARTZ FAMILY	416,666	0.79%
ANTHONY FRANK MASON	400,000	0.76%
RICHARD ANTONY PRESS	391,000	0.74%
INVIA CUSTODIAN PTY LTD	348,731	0.66%
PAUL RIETHMAIER	326,565	0.62%
TOTAL TOP 20:	38,568,030	72.94%
TOTAL ISSUED:	**52,873,452**	**100.00%**

HOLDERS OF EACH CLASS OF EQUITY SECURITY

The company has issued:

- 52,873,452 ordinary fully paid shares to 849 shareholders.
- 1,697,025 options to subscribe for ordinary shares to 7 option holders.

VOTING RIGHTS

There are 52,873,452 ordinary fully paid shares held by 849 members and these are the only class of share currently issued. The Company's Constitution provides that every member present in person, by proxy or by corporate representative or by appointed attorney shall on the show of hands have one vote.

SUBSTANTIAL SHAREHOLDERS

	Number of Shares	% of Class
DAVID STEWART/GLENAYR P/L	10,905,000	20.62%
FF OKRAM PTY LTD	8,634,258	16.33%
SGV1 HOLDINGS LIMITED	5,409,874	10.23%

- These shareholders do not hold any options to subscribe for ordinary shares.

DISTRIBUTION OF SHARES

Size of Holdings	Number of Holders	Number of Shares	%
1 to 1,000	252	72,369	0.14%
1,001 to 5,000	210	634,715	1.20%
5,001 to 10,000	102	823,181	1.56%
10,001 to 100,000	235	8,661,201	16.38%
100,001 and over	50	42,681,986	80.72%
TOTAL	849	52,873,452	100.00%

HOLDERS OF LESS THAN A MARKETABLE PARCEL OF QUOTED ORDINARY SHARES

Number of Holders	% of Total Holders	Number of Shares	% of Total Quoted Shares
316	37.22%	181,951	0.34%

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