



Beam Communications Holdings Limited

ABN 39 010 568 804

5/8 Anzed Court, Mulgrave,
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www.beamcommunications.com

23 October 2019

The Manager
Market Announcements Platform
Australian Securities Exchange

Notice of Annual General Meeting

Please find attached the Company's Notice of Annual General Meeting dated 21 October 2019, together with Explanatory Notes and Proxy Voting Form, for the meeting of shareholders to be held on Friday 22 November 2019 at 10.00am at Unit 5, 8 Anzed Court, Mulgrave, Victoria.

These documents have been mailed to shareholders together with a copy of the 2019 Annual Report if requested.

Yours faithfully

A handwritten signature in black ink, appearing to read "Dennis Payne", written over a horizontal line.

Dennis Payne
Company Secretary



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21 October 2019

To The Shareholder

Dear Shareholder,

Annual General Meeting – 22 November 2019

Please find enclosed a notice of the Annual General Meeting of the Company to be held at the Company's offices on Friday 22 November 2019 at 10.00am.

I hope you can attend the meeting. If you are unable to attend, I encourage you to complete the enclosed proxy form. Return it by mail, fax or email to the Company at the addresses noted on the instructions for completion of the proxy form, no later than 7.00pm (AEDST) on Wednesday 20 November 2019.

A copy of the Annual Report for the year ended 30 June 2019 has been lodged with the ASX and on the Company's website and has been mailed to all shareholders who elected to receive a copy.

If you wish to receive a copy please contact me at the Mulgrave office of the Company at the above address.

I look forward to seeing you at the meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read "Dennis Payne", written in a cursive style.

Dennis Payne
Company Secretary

BEAM COMMUNICATIONS HOLDINGS LIMITED

ACN 010 568 804

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2019 Annual General Meeting of Beam Communications Holdings Limited (*Company*) will be held at the Company's office at Unit 5, 8 Anzed Court, Mulgrave, Victoria on Friday 22 November 2019 at 10.00am (AEDT) (*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 2019 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, **Carl Cheung Hung**, 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.

C. SPECIAL RESOLUTIONS:

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

3. 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.

GENERAL NOTES

1. Voting in Person

To vote in person, attend the Meeting at the time, date and place set out above.

2. 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):** A proxy need not vote in that capacity on a show of hands on any Resolution nor (unless the proxy is the Chairman of the Meeting) on a poll. However, 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 facsimile to the Company on number +61 3 9560 9055; or

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

so that it is received by 7.00 pm (AEDST) on Wednesday 20 November 2019, being not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.

3. 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 bring evidence of their appointment to the Meeting, together with any authority under which it is signed. The appointment must comply with section 250D of the Corporations Act.

4. 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.

5. 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 Wednesday 20 November 2019, will be taken to be the holders of shares for the purposes of determining voting entitlements at the Meeting.

6. Explanatory Notes

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

DATED: 21 October 2019

By Order of the Board



.....
Dennis Payne
Company Secretary

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 22 November 2019) 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 2019 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 (Carl Cheung Hung)

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). Carl Hung retires this year in accordance with this rule and is permitted to seek re-election.

2.2 Director's Interest

Carl Hung is the President and a Director of Season Group. During the year ended 30 June 2019 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. SGV1 Holdings Limited, a company that Carl Hung is associated with, holds 5,409,874 ordinary shares of the Company, being approximately 10.23% of the ordinary shares on issue.

2.3 Personal Particulars

Carl Hung'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 Carl Hung abstaining from the recommendation, that Shareholders vote in favour of Resolution 1.

3. Resolution 2 – Adoption of Remuneration Report

3.1 Annual Report

The Annual Report for the year ended 30 June 2019 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.

SPECIAL RESOLUTION

4. Resolution 3 – Approval for Additional Placement Capacity

4.1 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

- (b) 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 3 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 3 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 3 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:

$$(A \times B) - C$$

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.

4.2 Information required by ASX Listing Rule 7.3A

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

The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at the previous Annual General Meeting held on 26 October 2018 but has not issued any equity securities under this authority.

In accordance with ASX Listing Rule 7.3A6, the Company also reports that it has not issued any equity securities during the 12 months preceding the date of the Meeting.

- (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 5 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 3, 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; and
- (ii) 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 3 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.

Number of shares on issue	Dilution			
	Number of shares issued under 10% Placement Capacity	Funds raised based on issue price of \$0.11 (50% decrease in current market price)	Funds raised based on issue price of \$0.22 (Closing price at market close on 17/09/2019)	Funds raised based on issue price of \$0.33 (50% increase in current market price)
52,873,452 (Current)	5,287,345	\$581,608	\$1,163,216	\$1,744,824
79,310,178 (50% increase)	7,931,017	\$872,412	\$1,744,824	\$2,617,236
105,746,904 (100% increase)	10,574,690	\$1,163,216	\$2,326,432	\$3,489,647

*The 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 17 September 2019.
- The issue price set out above is the closing price of the shares on the ASX on 17 September 2019.
- 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.

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 the following purposes:

- (i) as cash consideration, in which case the Company may use funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition) and/or general working capital; or
- (ii) as non-cash consideration for the acquisition of new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(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).

4.3 Voting Exclusion

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of;

- any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares in the Company); or
- an associate of that person.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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 3.

4.4 Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

APPOINTMENT OF PROXY

If you would like to attend and vote at the General Meeting, please bring this form with you. This will assist in registering your attendance.

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 at the meeting 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 at the company's office, Unit 5, 8 Anzed Court, Mulgrave, Victoria at 10.00am (AEDT) on Friday 22 November 2019** and at any adjournment of that 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 a poll is called on this item.**

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

Resolution 1

Re-election of Director, Carl Cheung Hung

For

☐

Against

☐

Abstain*

☐

Resolution 2

Adoption of Remuneration Report

For

☐

Against

☐

Abstain*

☐

SPECIAL RESOLUTIONS:

C

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

Resolution 3

Approval for Additional Placement Capacity

For

☐

Against

☐

Abstain*

☐

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

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, or your named proxy does not attend the meeting, 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 7.00pm (AEDT) on Wednesday 20 November 2019, 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 or facsimile to Beam Communications Holdings Limited as follows:

Beam Communications Holdings Limited
Unit 5 / 8 Anzed Court, Mulgrave,
Victoria, Australia 3170
Facsimile: 03 9560 9055

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

Or by delivering it to the above address



ANNUAL REPORT 2019



Innovation



Design



Satellite



IoT



M2M

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

CONTENTS

Directorate	1
-------------	---

Chairman's Report	2
-------------------	---

Directors' Report	4
-------------------	---

Auditor's Independence Declaration	18
------------------------------------	----

Corporate Governance Statement	22
--------------------------------	----

Consolidated Financial Statements	
-----------------------------------	--

Consolidated Statement of Profit or Loss and Other Comprehensive Income	30
--	----

Consolidated Statement of Financial Position	31
--	----

Consolidated Statement of Changes in Equity	32
---	----

Consolidated Statement of Cash Flows	33
--------------------------------------	----

Notes to the Consolidated Financial Statements	34
--	----

Directors' Declaration	54
------------------------	----

Auditor's Report	56
------------------	----

Australian Securities Exchange Information	60
--	----



I am pleased to provide the following Chairman's Report on the Beam Communications Holdings Group of companies for the year ended 30 June 2019. I encourage you to read the full Directors' Report which contains more extensive information. However, I would like to present to you the highlights.

Profit Performance and Major Impacts

This is my third report to you as Chairman and I am very delighted to report this year on a vastly improved performance by the Group and a return to a strongly profitable performance.

Record revenue and pre-tax profit in FY2019 were the outcome of consistent trading momentum throughout the year and healthy contributions from the two significant contracts that the Group secured in previous years for Thuraya WE and Iridium GO!®. The Group recorded total revenue of \$18.5m (up 60% year on year), a Net Profit Before Tax of \$0.72m (a turnaround of \$2.15m) and EBITDA of \$2.1m.

Looking back on FY2017 and FY2018, as we shared with investors at the time, those were in effect preparatory years when Beam was focussed on completing the major Thuraya WE development and investigating the opportunities that exist in the market outside the purely satellite space. Those annual results were marred by delays (particularly to the WE project which, although largely outside Beam's control, was frustrating for all stakeholders), false starts (as in the Inmarsat BRM development for which the board took the conservative decision to write-back 100% of the investment in FY2018, at a net cost of \$0.66m) and a lull in global demand for docking units and accessories, which has proved to be an aberration.

In FY2019, we were proud to effect shipments of 3,000 WE units to Thuraya, completing the initial contract, and gratified with the \$3.85m in revenue the fulfilment of that major order delivered to the Group. The balance of the fourth order for Iridium GO!® and 100% of the fifth order were all delivered in FY2019, adding \$2.75m in revenue.

The improving impetus in Beam's organic product sales in late FY2018, noted in my Chairman's Report of last year, continued into and throughout FY2019, and SatPhone Shop sales were up 18% with record revenues posted for this division in the June quarter.

Outlook

The outlook for the Group should encourage stakeholders, including existing and prospective shareholders, with a number of exciting new ventures to be announced, developed or delivered in FY2020 and

FY2021. In addition to the expected continued growth in Beam and SatPhone's organic business, there is the sixth order for 5000 Iridium GO!® units in FY2020 and we are also quite optimistic about our commercial prospects in India, given the new opportunities and appetite for Inmarsat products in that enormous market.

Outside the satellite space, a range of LTE devices for industrial IoT applications are being soft-launched this month, with others currently being trialled and tested for the Australian and global markets. We anticipate that substantial new revenues can be achieved in this category during FY2020.

Recently, Beam was selected to partner Iridium in the development of a new generation of products that utilises the Certus 9770 transceiver following the US\$3bn upgrade of the Iridium satellite constellation, known as Iridium NEXT. The enhanced speeds and IP capabilities of this product present new market opportunities, with release of new products expected before mid FY2021. Iridium's appointment of Beam as a core partner in this development is also a strong endorsement of our global reputation, engineering capability and ingenuity.

Roadpost Inc, a very experienced seller of satellite solutions in USA/ Canada, has joined with Beam to develop, manufacture and market an innovative mobile satellite messaging and SOS device that is aimed at untapped but large and fast-growing global markets. The new terminal, trademarked 'ZOLEO', will utilise the upgraded Iridium satellite network. The new solution is anticipated to significantly grow Beam's recurring income stream from FY2021. More details will be announced to the market prior to launch.

The FY2020 outlook for orders of the Thuraya WE, and the shared airtime revenues that are derived from those units, is more difficult to predict given the delay to Thuraya's market launch plans. Follow-up orders from Thuraya are not expected until the initial product pipeline requires refilling which, prudently, we should not expect before FY2021. It is still anticipated that Thuraya WE will be a major contributor to the Group's financial wellbeing in future years.

Cash and Funding

The Group's bank facilities were undrawn at 30 June 2019 with an in-funds balance of \$2.5m, bolstered by the Australian Government R&D grant of \$832,000 received just before the close of the year. The Group's approved bank loan facilities total \$740,000. Pleasingly, our improved trading activities generated cash inflows of \$2.1m net of all operating costs.

“The outlook for the Group should encourage stakeholders, including existing and prospective shareholders, with a number of exciting new ventures to be announced, developed or delivered in FY2020 and FY2021.”

This strong cash performance comes at a time when Beam is increasing its investment in developing and launching a range of new products, as previously announced, and expenditure on major development projects is presently the most significant application of cash for the Group. In FY2019, \$2.0m was expended on product developments. As I noted in last year's Chairman's Report, our result this year is directly attributable to the previous willingness of the board to support projects that will deliver lasting and significant revenues.

To assist funding of these development projects and ensure the availability of cash while also limiting our reliance on existing debt facilities, the Group arranged two non-bank facilities with SGV1 Holdings Limited and Roadpost.

In late 2016, a secured loan facility of up to \$US2.0m was negotiated with SGV1 at market interest rates. Early in the financial year, the Group's bank overdraft facilities were regularly accessed and Beam drew US\$0.66m from SGV1 in the September quarter of 2018. It is not anticipated that there will be more drawings.

Under the ZOLEO JV Agreement, Roadpost will provide Beam with an interest-free loan of up to US\$600,000 to assist in Beam's funding of the JV's start-up costs. The loan is repayable by Beam at any time and at Beam's sole discretion. In the June quarter, and to date, Beam has received US\$450,000 in respect of that arrangement.

Directors and Investors

I was re-elected as a Director at the last Annual General Meeting on 26 October 2018 and continue as Chairman of the Board. David Stewart's appointment to our board in November 2017 was also confirmed at the AGM and David is a keen advisor to senior management, especially in the pursuit of non-satellite opportunities. David remains Beam's major shareholder, holding 19.93% of the Company. Director Carl Hung is the President and CEO of Season Group, a major trading partner of Beam. Carl is also Managing Director of SGV1 Holdings Limited, which holds 10.23% of the shares in the Company. Our Executive Director on the board is Michael Capocchi, who holds the positions of Managing Director and Chief Executive Officer for all companies in the Group. Michael is also a significant shareholder in the Company.

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

Your board remains committed to investing in our future and insulating your Company from the vicissitudes of the markets in which we operate. Ours is a small company, with significant but not indulgent aspirations. We would invite investors to contrast our prudent approach to building our business sustainably with other strategies which would appear to be focussed on adding scale at any cost. That is not, and should never be, our goal.

Your board applies rigorous examination to all forecasts, opportunities and performances, as it should. The result this year is an outcome we should expect not to be our ceiling, but our floor.

I would like to thank my fellow Non-executive Directors, Carl Hung and David Stewart for their respective valuable insights.

In addition, I again express my appreciation to our Managing Director and CEO, Michael Capocchi, as well as Michael's executive team and staff, for the successes achieved this year.

Collectively, we are pleased to have delivered for you, our shareholders, in FY2019, but that should be your expectation. We look forward to sharing with you the next chapter of the Beam story and have every prospect that it will be one that is compelling to existing and potential investors alike.

My very best wishes and thanks to all staff, clients and shareholders of our Group.



Mr Simon Wallace
Chairman
Date: 13 September 2019

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2019.

On 22 November 2018 the Company changed its name from World Reach Limited to Beam Communications Holdings Limited (ASX: BCC).

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: 45

Simon Wallace is a corporate lawyer and, based in Melbourne, he is presently an equity partner of Dentons, which is the largest law firm in the world.

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: 48

Michael Capocchi has over 20 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: 35

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. He has helped grow the company from USD15 million in 2002 to USD161 million in 2016, expanding the company's footprint from China, Canada and Malaysia to include the USA, Mexico and 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: 65

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 30 June 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 1 July 2017 and a Director of Beam Communications Holdings Limited on 9 November 2017, following investments in both. The start of 2018 saw David join the board of Lockbox Technologies and on 14 August 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 its 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 30 June 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. On 14 August 2019 David was appointed a non-executive director of MyNetFone Group Limited (ASX:MNF).

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.



OPERATING RESULTS AND REVIEW OF ACTIVITIES

The Consolidated Group reports a total comprehensive income of \$339,129 for the FY2019 year on total revenue of \$18,520,528 (2018: total comprehensive loss of \$1,565,134 on revenue of \$11,638,170).

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

	2019 \$000	2018 \$000
Revenue	18,521	11,638
<u>Deduct</u>		
Cost of goods sold, research & development, administrative, marketing and corporate expenses	16,417	12,245
Operating profit (loss) before amortisation, depreciation, interest and tax	2,104	(607)
<u>Deduct</u>		
Amortisation	1,179	694
Depreciation	63	77
Interest	140	54
Profit (loss) before income tax	722	(1,432)
Tax expense	(383)	(133)
Net profit (loss) for the year	339	(1,565)
Total comprehensive Loss for the year	339	(1,565)

Performance and Profit

The Beam Group's activities and results for the year ended 30 June 2019 reflect a vastly improved performance with a record revenue and pre-tax profit result for the Group in a major turnaround from FY2018.

Total Group revenue for the year increased by nearly 60% over the previous year.

Highlights included:

- Two major shipments of WE units to Thuraya Telecommunications in October and November 2018, which alone accounted for \$3.85m in revenue and completed the initial contract quantity.
- Three deliveries to Iridium, each of 2,500 Iridium GO! ® units, in July 2018, January 2019 and May 2019, were valued at \$2.75m in total.
- A significant lift in sales orders for

existing Beam and SatPhone Shop products, with consistent growth enjoyed across the whole year.

The principal activity of the Group during FY2019 continued to be the manufacture and global distribution of satellite communication terminals, docking units and handheld phone accessories.

As previously advised, issues during FY2018, which were largely outside Beam's control, interrupted the finalisation of the Thuraya WE device and delayed the final deliveries until well into FY2019, completing the 3000 unit initial order.

Having completed for Iridium the fourth order of Iridium GO! ® units in July 2018, Beam fulfilled 50% of the fifth order for 5,000 units in January 2019 and the balance was shipped in May 2019, bringing the total delivered so far to 35,000 units since mid-2014.

The improving demand for Beam's base products, including docking units, fixed terminals and accessories was evident in the later months of FY2018 and the momentum continued throughout FY2019. This recovery contributed significantly to the Group's positive net profit position in FY2019, especially in the second half of the year which did not benefit from the major delivery of WE units shipped in the first half.

SatPhone Shop, our on-line retail business and Telstra dealership, continues to expand its product range and sales volumes. Revenue from this division in FY2019 was up 18% on FY2018, to \$1.25m, with record sales achieved in the June Quarter of 2019. This included a growing number of sales to larger organisations and semi-government bodies, and a steady expansion of the market for rental equipment and pre-paid SIM cards.

The Group's much-improved sales revenues increased gross profit before operating costs to \$7.1m, well ahead of FY2018's \$4.2m. Operating costs grew at a slower pace than revenue growth to \$5.8m, from last year's \$4.6m. Cost controls offset some of the rise, which was caused by a number of good reasons, some beyond Beam's control. Operating costs included foreign exchange losses totaling \$99,000, start-up costs of Zoleo Inc. amounting to \$327,000 (Beam's 50% share), \$150,000 associated with new product development processes and increased finance costs of \$86,000. The end result was a Net Profit Before Tax of \$722,000, representing an improvement of \$2.154m on FY2018, and an EBITDA of \$2.1m.

The total cost of project amortisation for the FY2019 year was \$1.18m, wholly attributable

to the Thuraya WE development, which is being amortised over four years from March 2018. This was partly offset by the recording of Australian Government R&D grants worth \$741,000, the majority of which also related to the Thuraya WE project.

Partial utilisation of the Group's deferred tax assets (mainly accumulated tax losses) against the year's taxable profit resulted in an accounting tax expense of \$365,000 in Australia. The Group's USA subsidiary incurred taxes of \$18,000, which are unable to be claimed against Australian tax losses.

Although the Directors expect sufficient future profitability to enable the full value of the deferred tax assets to be utilised, (these now stand at \$863,000 and are mainly derived from accumulated tax losses carried forward), the decision has been taken not to increase the proportion (currently 60%) taken up at this time, with a further demonstration of the Group's return to sustained profitability required before the board intends to consider doing so.

Cash and Funding

The greatly increased Group sales revenues were a major factor in generating stronger cash inflows. In the 12 months to 30 June 2019, trading activities generated \$2.1m cash inflow, net of all operating costs. The continued growth in the SatPhone Shop business and Beam-branded product sales provided improved monthly cash to support the cash flows from major contracted revenues.

The growth in cash comes at a time when Beam is increasing its investment in developing and launching a range of new products over the next few months, as previously announced, and expenditure on major development projects is presently the most significant application of cash for the Group. In FY2019, \$2.0m was expended on product developments and the June quarter saw an increase in the level of this investment, to \$667,000 for the period.

On 29 June 2019, \$832,000 was received from the Australian Government R&D fund, which encourages Australian investment in research and development. That amount related to Beam's R&D expenditure in FY2018 on three projects. but can mainly be aligned with the Thuraya WE product. The R&D grants are only brought to profit on a monthly straight-line basis matching the amortisation of the related development project over the relevant product's useful life once sales commence.

The Group's bank facilities were undrawn at 30 June 2019 with an in-funds balance of \$2.5m, bolstered by the R&D grant received just before the close of the year. The available bank loan facilities total \$740,000. The cash balance and the bank facilities are expected to be employed periodically during FY2020 in order to fund the Group's ongoing investment activities in this year.

Early in the financial year the Group's overdraft facilities were regularly accessed and the decision was made to make partial drawings on the facility from SGV1 Holdings Limited, arranged in late 2016, to ensure the availability of funding for Beam's full development program. Beam drew US\$0.66m from this US\$2m facility in the September quarter of 2018. It is not anticipated that there will be more drawings made on that facility and full retirement of that debt is expected to be made before the expiry date of the facility on 1 January 2020.

On 19 August 2019 Beam announced details of a joint venture with Roadpost Inc of Canada (further details under 'Outlook and Projects'). Under the JV Agreement Roadpost agreed to provide Beam with an interest-free loan of up to US\$600,000 to assist in Beam's funding of the JV's start-up costs. The loan is repayable by Beam at any time and at Beam's sole discretion. In the June quarter, and to date, Beam has received US\$450,000 in respect of that arrangement, but transferred US\$300,000 for start-up cash to Zoleo Inc., the entity formed to operate the JV business. Additional cash will be drawn as required by Zoleo Inc. as it seeks to launch its innovative product later in calendar 2019.

Outlook and Projects

As mentioned above, Beam experienced issues largely outside its control that delayed the finalisation of the Thuraya WE unit's software. Unfortunately, those issues delayed the final deliveries and postponed Thuraya's market launch plans. This inevitably means follow-up orders from Thuraya are not expected to be received until the initial product deliveries have filled the pipeline and gained acceptance in the marketplace. This may not happen until FY2021.

On 19 February 2019, Beam announced the securing of a sixth order from Iridium for Iridium GO!® units, again to be delivered over two shipments, with the first 2500 units expected to be delivered this month, August 2019, and the balance in Q3 of FY2021. The total units ordered of this remarkable product is now 40,000, signaling a significantly longer product lifecycle than other communication devices, due to its rugged design and the

on-going creation of custom applications (Apps) to source information such as weather, mail and maritime charting. Beam is anticipating further orders from Iridium as the market's confidence in its new network continues to be reflected in increased consumer appetite for its products.

Demand for Beam's base products contributed significantly to the Group's positive net profit position in FY2019. This robust and sustained revenue experience indicates growth in our organic business rather than the usually anticipated drop off in demand so often seen in mature communications devices and accessories.

The expectation for SatPhone Shop is that the revenue growth experienced in FY2019 will continue into FY2020 and beyond, thereby providing an increasing contribution to the Group's performance. As SatPhone Shop's market-reach and penetration improves, it is increasingly used as an ordering portal for larger organisations, resulting in bigger volume sales. Rental revenue, although relatively small at present, is expected to grow steadily in FY2020.

Beam was selected as a beta partner by Iridium to develop a new generation of products that utilises the upgraded Certus 9770 transceiver. Beam will also enhance its existing offerings following the US\$3bn upgrade of the Iridium satellite network, known as Iridium NEXT. The new constellation will facilitate enhanced speeds and IP capabilities not previously available on the Iridium network. Some of our new product developments to service these new market opportunities have been brought forward and will commence early in FY2020, with release of the products before mid FY2021.

Opportunities with new LTE devices for industrial IoT applications outside the purely satellite communications space have been investigated over the last 12 months. A range of products is being soft-launched this month, with a number of others currently being trialed and tested for Australian and global markets. Starting with modest monthly revenues, incremental to the existing business, the Group believes the major sales potential can be fully achieved before the end of FY2020.

Details of the Zoleo joint venture were released on 19 August 2019. Roadpost Inc has joined with Beam to develop, manufacture and market a mobile satellite messaging and SOS device that is aimed at untapped but large and fast-growing global markets. The new terminal, trademarked 'ZOLEO', will utilise the upgraded Iridium satellite network.

Roadpost has a 28-year track record in selling cellular and satellite solutions to the North American markets. The new solution is anticipated to grow Beam's recurring income stream significantly from FY2021. The new product and service offering is in the final stages of development and more details will be announced to the market prior to launch.

Also announced earlier this year was Beam's initial entry into the Indian satellite market. First orders reached US\$250,000 by 30 June 2019, and further sales are expected as the Inmarsat service offers increased market applications and awareness in India.

The Board remains determined to continue investments in innovative technologies, and although some of these new projects will require significant cash development funds, other products are likely to require much less engineering time. The recent and now sustained revenue trends in our organic business and the new opportunities augur well for FY2020 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 was re-elected as a Director by shareholders at the Annual General Meeting of 26 October 2018. With lengthy and detailed expertise in legal and commercial matters, Simon continues as Chairman of the Board and is also a shareholder in the Company.

Mr David Stewart joined our board in November 2017, with his appointment confirmed at the following AGM. David has been a keen advisor to senior management in the rationalisation of development expenditure and provides hands-on assistance in the selection of trading partners for innovative new product opportunities. David remains Beam's major shareholder, holding 19.93% of the shares in the Company, while he assists the Group to expand in the satellite and non-satellite space.

Beam Director Mr Carl Hung is also the President and CEO of Season Group, a major trading partner of Beam for over nine years. Season provides Beam with a range of sub-contract services including manufacturing, engineering, tool making and testing facilities in Guangdong, China. Carl is Managing Director of SGV1 Holdings Limited, a company associated with Season, 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, including the USA subsidiary. His

base in the USA enables him to more easily visit the Middle East and UK/Europe, where so many of the Group's core clients are based, as well as domestically within the US. Michael travels to Australia every 4-6 weeks and is in daily contact with management. Michael is also a significant shareholder in the Company.

The Directors are confident that the return to a significant profit situation in FY2019 is an indicator of 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.

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 30 July 2019 the Company released to the ASX a statement that an entity controlled by non-executive Director Carl Hung had sold 3.8 million Beam shares, or 42% of its holding in Beam, to raise cash for its Chinese businesses. On 19 August 2019 the Company announced the formation of a joint venture with Roadpost Inc., a Canadian company, to develop and market a new satellite messaging and SOS device.

Other than the above, there have been no significant events since 30 June 2019.

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 2019 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
31.03.15	31.03.20	\$0.1950	789,525
24.12.15	31.08.20	\$0.1950	789,525
24.12.15	30.11.20	\$0.1950	907,500
			2,486,550

DIRECTORS' MEETINGS

During the year ended 30 June 2019 the Company held 16 meetings of Directors (including Audit Committee meetings). Attendances by each Director during the year were:

Director	Directors meetings		Committees	
	Attended	Maximum Possible Attended	Attended	Maximum Possible
M Capocchi	12	12	0	0
D Stewart	12	12	0	0
C Hung	12	12	4	4
S Wallace	12	12	4	4

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 FY2019 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 \$15,000 and a 1% increase in fixed salary for FY2020, 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 \$2,103,706 and therefore the potential performance bonus became payable. In addition the Managing Director achieved 3 of the KPIs.

Two senior sales executives have contractual performance based bonus entitlements having achieved above their minimum sales related target levels in FY2019. 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.

	2019	2018	2017	2016	2015
Net profit(loss) before tax (\$'000)	772	(1,432)	(423)	417	645
EBITDA (\$'000)	2,104	(607)	129	1,363	2,571
Basic earnings per share (cents)	0.64	(3.07)	(1.29)	1.12	5.13
Share price at 30 June (\$)	0.27	0.16	0.13	0.23	0.31
Market Capitalisation at 30 June (\$m)	14.28	8.46	5.61	9.93	13.38
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 5 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 that are largely

beyond the direct control of senior executives, or indeed the Board. By way of example, this was the case in FY2018 when the delayed completion of the Thuraya WE project severely impacted the Group's overall financial results for that period.

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 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 or FY2019 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 will continue as Managing Director and CEO of the Company and all subsidiaries until at least 30 June 2020 (the minimum term) with extension beyond that date possible by mutual agreement. 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 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. 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:

2019	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments			
	Cash salary & fees \$	Cash bonus & Commissions \$	Motor vehicle & other allowances \$	Employee benefits payable [b] \$	Super-annuation \$	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		
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		

2018	Short-term employee benefits				Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments			
	Cash salary & fees \$	Cash bonus & Commissions \$	Motor vehicle & other allowances \$	Employee benefits payable [b] \$	Super-annuation \$	Employee benefits payable \$	Eligible termination benefits \$	Options [a] \$	Total \$	Performance related %	Remuneration consisting of options %
Directors											
Mr S Wallace	44,216							-	44,216	0.00%	0.00%
Mr M Capocchi [c]	477,107	-	47,031	24,599	45,303	9,138		-	603,178	0.00%	0.00%
Mr C Hung	44,216							-	44,216	0.00%	0.00%
Mr D Stewart	27,777							-	27,777	0.00%	0.00%
Other											
Mr D Payne	188,147	-	-	(812)	17,874	(5,519)		-	199,690	0.00%	0.00%
Mr W Christie	171,275	-	-	(2,641)	16,271	3,299		-	188,204	0.00%	0.00%
Total	952,738	-	47,031	21,146	79,448	6,918	-	-	1,107,281		

[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 2019 his remuneration has been converted into AU dollars at the exchange rate on 30 June 2019 of 0.7013.

REMUNERATION REPORT (continued)

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

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	-	-	-	-	-	-	-

2018	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	-	-	-	-	-	(81,900)	(81,900)
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								
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	-	-	-	-	-	-	-	-

Terms & conditions for each grant								
2018	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.

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	-

2018	Balance 1.07.17	Granted as Remuneration	Issued as Equity Investment	Options Exercised	Options Lapsed	Balance 30.06.18	Total Vested 30.06.18	Exercisable 30.06.18	Unexer- cisable 30.06.18
Directors									
Mr S Wallace	-	-	-	-		-	-	-	-
Mr M Capocchi	1,507,500	-	-	-	(600,000)	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	2,433,150	-	-	-	(600,000)	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.

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

2018	Balance 1.07.17	Received as Remuneration	Options Exercised	Placement Issue [b]	Net Change Other [a]	Balance 30.06.18
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	-	-	-	9,700,000	840,000	10,540,000
Other						
Mr D Payne	328,570	-	-	-	-	328,570
Mr W Christie	62,778	-	-	-	-	62,778
	11,417,054	-	-	9,700,000	840,000	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.

[b] Placement Issue refers to the placement of ordinary shares to Glenayr Pty Ltd, a company owned by Mr Stewart, on 12 September 2017

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 2019 or the comparative year ended 30 June 2018.

(g) Voting and comments made at the Company's 2018 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 was appointed Company auditor on 28 November 2013 and will continue in office in accordance with section 327 of the Corporations Act 2001. Pursuant to section 324 DAB of the Corporations Act 2001, the Board of 4 April 2018, following a recommendation from the Audit Committee, approved that Jason Croall, a partner of RSM Australia Partners may continue to play a significant role in the audit of the company for a further 2 years until the financial year ended 30 June 2020.

Reasons for the extension include continuity of knowledge and experience that Jason has accumulated over the years, as well as, key relationships formed during this period' is considered a material benefit to maintaining the quality of audit work for a further period covering the two financial years ending 30 June 2019 and 2020.

The Board is satisfied that the extension of the auditor rotation period is consistent with maintaining the quality of the audit and would not give rise to conflict of interest situation. RSM Australia Partners has agreed to extend the above extension.

NON AUDIT SERVICES

No non audit services were undertaken by the external auditors during the year ended 30 June 2019.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is attached and forms part of the Directors' Report.

Signed in accordance with a resolution of the Board of Directors dated 29 August 2019.



Chairman

Date: 29 August 2019



RSM Australia Partners

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F +61(0) 3 9286 8199

www.rsm.com.au

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 2019, 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

J S CROALL
Partner

Dated: 29 August 2019
Melbourne, Victoria

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation









CORPORATE GOVERNANCE

The Directors of Beam Communications Holdings Limited (**BCC** or **the Company**) (formerly named World Reach Limited) 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 2019, 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 (40 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 36 employees of which 28% (10 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

Recommendation 2.1: Nomination Committee

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.

Recommendation 2.2: Skills, Knowledge and Experience

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.

Recommendations 2.3 and 2.4: Independent Directors

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 of the Board, having regard to the nature and size of its operations and the relevant skills, knowledge, and experience.

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 an interest at the date of this report in 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 10,540,000 shares in the Company, representing 19.93% 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.

Recommendation 2.5: Independent Chairman

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.

Recommendation 2.6: Induction of New Directors

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

Recommendation 3.1: Act Ethically and Responsibly

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 4 times during the course of the financial year ended 30 June 2019.

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:

- 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
- 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

All of the above information/policy documents were updated on 22 November 2018 in connection with the Company's name change from World Reach Limited, as appropriate.

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. 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 investor@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, however the Board intends to manage such 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 financial year.

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 executives remuneration and incentives;
- superannuation arrangements;
- remuneration framework for Directors; and
- remuneration by gender.

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.

Recommendation 8.3: Equity Based Remuneration

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.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Year ended	
		30 June 2019 \$	30 June 2018 \$
Revenue	2(a)	18,520,528	11,638,170
Changes in inventories		(1,421,131)	1,533,096
Raw materials, consumables and other costs of sale	2(b)	(9,307,401)	(8,491,173)
Employee benefits expense		(3,329,910)	(2,804,827)
Depreciation expense	8(a)	(63,233)	(76,599)
Amortisation expense	10(a)	(1,178,889)	(694,447)
Impairment expense	10(a)	(33,910)	(793,922)
Finance costs expense	2(c)	(139,587)	(54,300)
Auditor remuneration expense	20	(68,000)	(68,000)
Accounting, share registry and secretarial expense		(88,194)	(74,055)
Consultancy and contractor expense		(298,981)	(227,279)
Legal, insurance and patent expense		(175,364)	(172,609)
Marketing and ICT expense		(362,563)	(265,315)
Share of loss from interest in Joint Venture	7	(327,692)	-
Other expenses	2(d)	(1,003,677)	(880,670)
Profit (loss) before income tax		721,997	(1,431,929)
Tax expense	3(a)	(382,867)	(133,205)
Profit (loss) for the year		339,129	(1,565,134)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		339,129	(1,565,134)
Net Profit (loss) and total comprehensive loss are both fully attributable to owners of the Company			
Earnings per share (cents)	22	0.64	(3.07)
Diluted earnings per share (cents)	22	0.64	(3.07)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30 June 2019 \$	30 June 2018 \$
Current assets			
Cash and cash equivalents	4	2,532,285	528,925
Inventories	5	2,737,022	4,158,153
Trade and other receivables	6	2,189,620	1,747,412
Total current assets		7,458,927	6,434,490
Non-current assets			
Interest in joint venture	7	100,227	-
Plant and equipment	8	102,957	122,998
Deferred tax assets	9	863,745	1,228,857
Intangible assets	10	5,580,260	4,835,509
Total non-current assets		6,647,190	6,187,364
Total assets		14,106,117	12,621,854
Current liabilities			
Trade and other payables	11	3,502,547	4,447,866
Other financial liabilities	12	950,615	-
Provisions	13	1,190,085	704,706
Total current liabilities		5,643,247	5,152,572
Non-current liabilities			
Other financial liabilities	12	641,665	-
Provisions	13	32,713	19,919
Total non-current liabilities		674,378	19,919
Total liabilities		6,317,625	5,172,491
Net assets		7,788,492	7,449,363
Equity			
Issued capital	14	7,646,641	7,646,641
Reserves		411,189	411,189
Accumulated losses		(269,338)	(608,467)
Total equity		7,788,492	7,449,363

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Issued capital \$	Reserves \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017	5,784,925	493,089	874,767	7,152,781
Total loss and comprehensive income for the year	-	-	(1,565,134)	(1,565,134)
Transactions with owners in their capacity as owners:				
- Shares issued, net of transaction costs	1,861,716	-	-	1,861,716
- Adjustment for employee share options lapsed	-	(81,900)	81,900	-
Balance at 30 June 2018	7,646,641	411,189	(608,467)	7,449,363
Balance at 1 July 2018	7,646,641	411,189	(608,467)	7,449,363
Total profit and other comprehensive income for the year	-	-	339,129	339,129
Balance at 30 June 2019	7,646,641	411,189	(269,338)	7,788,492

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Year ended	
		30 June 2019 \$	30 June 2018 \$
Cash flow from operating activities			
Receipts from customers		17,919,076	12,116,540
Payments to suppliers and employees		(15,705,440)	(13,685,446)
Interest received		3,192	13,608
Interest and finance charges paid		(139,587)	(54,300)
Income tax paid		(17,755)	(12,273)
Net cash (used in)/ provided by operating activities	17(a)	2,059,485	(1,621,871)
Cash flow from investing activities			
Purchases of plant and equipment	8(a)	(44,341)	(50,418)
Development costs capitalised		(1,957,551)	(1,985,468)
Research and development grant		831,603	1,729,233
Interest in joint venture		(436,443)	-
Net cash used in investing activities		(1,606,732)	(306,653)
Cash flow from financing activities			
Net cash proceeds on share placement / rights issue		-	1,861,715
Net loan payments		1,550,607	-
Net cash used in financing activities		1,550,607	1,861,715
Net decrease in cash and cash equivalents		2,003,360	(66,809)
Cash and cash equivalents at beginning of year		528,925	595,734
Cash and cash equivalents at end of financial year	17(b)	2,532,285	528,925

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.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

(ii) New or amended Accounting Standards and Interpretations adopted

Impact of adoption:

AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers were adopted using the modified retrospective approach and as such comparatives have not been restated. There has been no material impact as a result of the adoption of these new Accounting Standards as compared to the treatment under previous Accounting Standards. Therefore no adjustments were deemed necessary in the current reporting period. The revenue policy and trade and other receivables policy applied by the consolidated entity in accordance with the new standard are stated below.

(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 25.

(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 2019.

(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 15 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 of 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) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(o) 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.

(p) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Accounting estimates and judgements made in relation to the recognition of deferred tax assets are indicated in Note 3(c).

1. Summary of significant accounting policies (continued)

(iii) Accounting policies (continued)

(q) New accounting standards for application in future periods

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

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related interpretations. AASB 16 introduces a single lease accounting model that eliminates the requirement for leases to be classified as operating or finance leases and recognises a right to use asset, depreciation and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets), with additional disclosure requirements.

The transitional provisions of AASB 16 permit a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors' preliminary review of AASB 16 shows that its adoption will have an impact on the Group's financial statements with leases greater than 12 months to be recognised on the balance sheet as a lease liability and a related right to use asset. It is anticipated that the Net Present Value of the Group's lease commitments greater than 12 months will be brought to account on the balance sheet as an asset and current and non-current liability from FY2020. The net present value of the commitments currently shown in Note 16 is \$592,222.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Year ended	
	30 June 2019 \$	30 June 2018 \$
2 Profit (loss) before income tax		
(a) Revenue		
<i>Sales revenue</i>		
- Equipment sales	17,179,648	10,671,739
- Airtime	526,060	428,878
- Other	70,958	42,325
	17,776,666	11,142,943
<i>Other income</i>		
- Research and Development grant	740,671	481,619
- Interest	3,192	13,608
	743,863	495,227
	18,520,528	11,638,170
(b) Cost of sales		
Opening inventories	4,158,153	2,625,058
Add: Purchases and other stock adjustments	9,307,401	8,491,173
	13,465,554	11,116,231
Closing inventories (Note 5)	(2,737,022)	(4,158,153)
	10,728,532	6,958,078
(c) Finance costs expense		
Interest expense on financial liabilities	139,587	54,300
(d) Other expenses include:		
- Product development costs expensed	311,516	309,148
- Operating lease payments	232,125	227,581
3 Income tax		
(a) The components of tax expense comprise:		
Current tax		
- Current tax expense (d)	17,755	12,273
- Current movement of temporary difference in net deferred tax assets	(7,550)	57,129
- Movement in deferred tax asset associated with carry forward tax losses	372,662	63,803
Income tax expense transferred to statement of profit or loss and other comprehensive income	382,867	133,205
(b) Reconciliation of income tax expense and tax at statutory rate:		
Profit (loss) from ordinary activities	721,997	(1,431,929)
Income tax expense (benefit) at statutory rate of 27.5% (2018: 27.5%)	198,549	(393,781)
Add / (Less):		
Tax effect of:		
- Tax reconciling items	(180,794)	406,053
- Deferred tax assets expensed	365,112	120,932
Income tax expense attributable to the Consolidated Group	382,867	133,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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% (2018: 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 \$982,008 (2018: \$1,230,449); and capital tax losses of \$1,850,085 (2018: \$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 \$17,755 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 2019 \$	30 June 2018 \$
4 Cash and cash equivalents		
Cash at bank and on hand	2,532,285	528,925
5 Inventories		
Raw materials	702,936	599,097
Work in Progress	-	1,696,743
Finished Goods	2,034,086	1,862,313
	2,737,022	4,158,153
6 Trade and other receivables		
(a) Current		
Trade receivables	1,207,740	1,161,464
Less: Provision for impairment of receivables	-	-
Other receivables and prepayments	867,517	469,918
Rental & other security deposits	114,364	116,030
	2,189,620	1,747,412

6 Trade and other receivables (continued)

(b) Ageing reconciliation	Gross amount	Within trade terms	Past due but not impaired (days overdue)			Past due & impaired
			31 - 60	61 - 90	90+	
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	114,364	114,364	-	-	-	-
2018						
Current						
Trade receivables	1,124,442	615,271	63,979	100,449	344,744	-
Other receivables	506,940	506,940	-	-	-	-
Rental & other security deposits	116,030	116,030	-	-	-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Year ended	
	30 June 2019 \$	30 June 2018 \$
7 Interest in joint venture		
Investment in joint venture	427,919	-
Group's share of loss from Zoleo Inc joint venture for the year ended 30 June 2019	(327,692)	-
	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 2019		
Summarised financial information:	Zoleo Inc	
	30/06/2019	
Summarised statement of financial position:		
Current Assets	530,756	
Total Assets	530,756	
Current Liabilities	330,301	
Non -current Liabilities	855,554	
Total Liabilities	1,185,855	
Net Asset Deficiency	(655,099)	
Share Capital	285	
Accumulated Losses	(655,384)	
Net Equity	(655,099)	
Summarised statement of profit or loss and other comprehensive income:		
Revenue	-	
Expenses:		
Operating Expenses	427,777	
Marketing	81,388	
Professional services	100,162	
Other Expenses	46,057	
Loss for the year	655,384	
Group's share of loss for the year ended 30 June, 2019	327,692	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Year ended	
	30 June 2019 \$	30 June 2018 \$
8 Plant and equipment		
Office furniture and equipment - at cost	481,592	458,261
Less: Accumulated depreciation and impairment	(428,195)	(407,999)
	53,398	50,262
Computer and test equipment - at cost	370,110	357,313
Less: Accumulated depreciation and impairment	(331,187)	(293,382)
	38,923	63,931
Rental equipment - at cost	36,199	30,537
Less: Accumulated depreciation and impairment	(25,562)	(21,731)
	10,637	8,806
Total plant and equipment	102,957	122,998

(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 2017	59,537	70,759	39,136	169,432
Additions	8,710	41,334	374	50,418
Disposals	-	-	(20,252)	(20,252)
Depreciation expense	(17,985)	(48,163)	(10,452)	(76,599)
Balance at 30 June 2018	50,262	63,931	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)	(63,233)
Balance at 30 June 2019	53,398	38,924	10,637	102,957

9 Tax

Non-current

Deferred tax assets

	Opening balance	Charged to Income	Closing balance
Deferred tax assets:			
Carrying amount of patents and capital raising costs	326	(91)	235
Accruals	34,786	38,284	73,070
Provisions	145,930	92,241	238,171
Tax losses	1,845,674	(372,662)	1,473,012
	2,026,716	(242,228)	1,784,489
Deferred tax liability:			
Product development costs	(797,859)	(122,884)	(920,743)
Balance as at 30 June 2019	1,228,857	(365,112)	863,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Year ended	
	30 June 2019 \$	30 June 2018 \$
10 Intangible assets		
Development costs capitalised - at cost	14,089,443	12,131,893
Accumulated amortisation and impairment	(8,509,183)	(7,296,384)
	5,580,260	4,835,509
(a) Movements in carrying amounts		
Balance at the beginning of the year	4,835,509	4,338,410
Additional costs capitalised	1,957,550	1,985,468
Amortisation expense	(1,178,889)	(694,447)
Impairment expense	(33,910)	(793,922)
Balance at the end of the year	5,580,260	4,835,509
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 FY2019.		
In line with the accounting policy detailed in Note 1 (iii) (h) the second Inmarsat BRM (BGAN Radio Module) development project carrying value was assessed and reduced to zero at a gross cost of \$33,910.		
11 Trade and other payables		
Current		
Trade payables and accruals	1,310,299	1,533,060
Deferred income	2,192,248	2,914,806
	3,502,547	4,447,866
Included in Deferred Income at 30 June 2019 is \$1,671,857 of deferred R&D grant income (2018: \$1,580,925). 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 \$740,671 of R&D grant income being recognised in the statement of profit & loss for the year as shown in Note 2 (a).		
12 Other financial liabilities		
Current		
Secured loan (a)	950,615	-
Non Current		
Secured loan (b)	641,665	-
Secured loans		
(a) The group has a secured loan finance facility with SGV1 Holdings Limited for US\$2,000,000. In September quarter 2018 the Company drew US\$666,666 on this facility which is the USD balance at 30 June 2019 (A\$950,615). The security is a general security interest over the group's assets and undertakings, ranking second behind the bank facilities. The secured loan facility is for a 36 month term expiring on 1 January 2020 and has been utilized mainly for the purposes of funding product development projects.		
(b) In addition the Company's subsidiary Beam Communications Pty Ltd 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 Assistance Loan is to assist Beam to establish the business and is repayable at any time at Beam's sole discretion. In June quarter 2019 Beam drew US\$450,000 on this facility which is the USD balance at 30 June 2019 (A\$641,665). The loan is secured by Beam's pledge of shares in Zoleo Inc, an entity established with Roadpost to manage the Zoleo business.		
(c) Bank 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 2019, 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 2019.		
- a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 30 June 2019.		

	Year ended	
	30 June 2019 \$	30 June 2018 \$
13 Provisions		
Current		
Employee benefits	998,925	569,726
Warranty costs	191,160	134,980
	1,190,085	704,706
Non current		
Employee benefits	32,713	19,919

(a) Movements in provisions for the year ended 30 June 2019

	Employee benefits	Warranty costs	Total
Balance at the beginning of the year	589,645	134,980	724,625
Additional provisions	879,343	70,044	949,387
Amounts used	(437,350)	(13,864)	(451,214)
Balance at the end of the year	1,031,638	191,160	1,222,798

	Year ended	
	30 June 2019 \$	30 June 2018 \$
14 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 2019 (2018: 52,873,452).		
	Number of shares	\$
Balance at 30 June 2018	52,873,452	7,646,641
Shares Issued	-	-
Balance at 30 June 2019	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 2019 is 2,486,550 (2018: 2,486,550), of which 1,579,050 (2018: 1,579,050) were issued to employees under the Company's Share Option Incentive Plan and 907,500 (2018: 907,500) were issued to Directors following shareholder approval. Refer Note 19: Share Based Payments, for details of options issued, exercised and lapsed during the financial year and the options outstanding at year end.

14 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 2019 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.

15 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:

2019	Floating Interest	Fixed Interest	Weighted Average Interest Rate	Non-Interest bearing	TOTAL
<u>Financial asset</u>					
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
<u>Financial liability</u>					
Payables (excluding deferred income)	-	-	0.00%	2,902,579	2,902,579
TOTAL	-	-		2,902,579	2,902,579
2018					
<u>Financial asset</u>					
Cash assets	528,925	-	0.02%	-	528,925
Receivables	-	-	0.00%	1,747,412	1,747,412
TOTAL	528,925	-		1,747,412	2,276,337
<u>Financial liability</u>					
Payables (excluding deferred income)	-	-	0.00%	1,533,060	1,533,060
TOTAL	-	-		1,533,060	1,533,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

15 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 2019 \$	30 June 2018 \$
Impact on profit after tax	+/- 10%	+/-76,142	+/- 30,012
Impact on equity	+/- 10%	+/-76,142	+/- 30,012

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
2019				
<u>Asset class</u>				
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
2018				
<u>Asset class</u>				
Cash and cash equivalents	528,925	-	528,925	528,925
Receivables	1,631,382	116,030	1,747,412	1,747,412
Payables (excluding deferred income)	(1,533,060)	-	(1,533,060)	(1,533,060)
Net maturities	627,247	116,030	743,277	743,277

(e) Net fair values of financial assets and liabilities

Net fair values at balance date of each class of financial asset and liability do not materially differ from the carrying amounts disclosed in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Year ended	
	30 June 2019 \$	30 June 2018 \$
16 Commitments and contingencies		
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases contracted for but not capitalised in the financial statements are as follows:		
Not later than one year	201,864	194,409
Later than one year but not later than five years	761,644	852,463
Later than five years	-	111,045
	963,508	1,157,917
The Consolidated Group and parent entity negotiated a 2 year extension to the non-cancellable commercial rental property lease at Mulgrave in March 2017. The new lease expires in December 2023. There is an option to renew the lease for a further 6 year period but no commitment has been entered into. The Consolidated Group also has a minor office equipment lease for a 5 year period expiring in March 2023.		
Capital expenditure commitments		
Capital expenditure projects		
Not longer than one year	2,628,784	1,655,188
Longer than one year and not longer than five years	727,127	-
Longer than five years	-	-
	3,355,911	1,655,188
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.		
17 Notes to the statement of cash flows		
(a) Reconciliation of Profit / (loss) after income tax benefit to net cash flow from operating activities		
Profit / (loss) after tax	339,129	(1,565,134)
<i>Adjustments for</i>		
Depreciation	63,233	76,599
Amortisation	1,178,889	694,447
Impairment	33,910	793,922
Net loss on disposal of plant and equipment	1,148	20,253
Share of loss in joint venture	327,692	-
Unrealised foreign currency net losses / (gains)	54,605	-
<i>Changes in assets and liabilities:</i>		
Increase in trade and other receivables	(446,617)	(71,351)
(Increase) / Decrease in inventory	1,351,131	(1,543,096)
Decrease in deferred tax assets	365,112	120,932
Decrease in trade and other payables	(1,776,922)	(176,783)
Increase in employee provisions	441,993	55,707
Increase in provision for warranty costs	56,180	21,052
Increase in provision for stock obsolescence	70,000	10,000
Decrease in provision for doubtful debts	-	(58,420)
Net cash (used in)/ provided by operating activities	2,059,485	(1,621,871)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Year ended	
	30 June 2019 \$	30 June 2018 \$
17 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:		
Cash and cash equivalents (Note 4)	2,532,285	528,925
(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 19.		
(d) Facilities		
At 30 June 2019, the Consolidated Group had the following unused bank facilities with the National Australia Bank:		
<ul style="list-style-type: none"> - an Australian dollar overdraft with a limit of \$300,000. The overdraft was not utilised at 30 June 2019. - a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 30 June 2019. 		
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 2019.		
The Consolidated Group's banking facilities are subject to the Group satisfying quarterly covenants set by the bank. While all covenants at 30 June 2019 were met, the Group did not meet all covenants during the year ended 30 June 2019 however the bank reconfirmed the banking facilities as continuing on 28 August 2019		
The Consolidated Group had partly unused secured loan facilities with SGV1 Holdings Limited and Roadpost Inc. Refer to Note 12 for details.		
18 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:		
Short-term employee benefits	1,163,341	1,020,915
Post-employee benefits	76,122	79,448
Other long-term benefits	4,224	6,918
Termination benefits	-	-
Share-based payments	-	-
	1,243,687	1,107,281

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

19 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 2019:

- (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).
95,288 of these options lapsed or were cancelled in the periods prior to 30 June 2019.
789,525 of these options are outstanding as at 30 June 2019.
- (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 2019.
789,525 of these options are outstanding as at 30 June 2019.
- (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 2019.

(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 2019		30 June 2018	
	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	-	-	(600,000)	0.6500
Outstanding at the end of the financial year	2,486,550	-	2,486,550	0.1950
Exercisable at the end of the financial year	-	-	2,486,550	0.1950

(c) Notes to Share Based Payments

- (i) The weighted average remaining contractual life for the share options outstanding as at 30 June 2019 is 1.12 years (2018: 2.12 years).
The exercise price for options outstanding at the end of the year was \$0.195 (2018: \$0.195).
The weighted average fair value of options granted during the year was \$0 (none granted) (2018: \$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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Year ended	
	30 June 2019 \$	30 June 2018 \$
20 Remuneration of auditors		
Remuneration of the Auditor for auditing or reviewing financial reports of the Consolidated Group	68,000	68,000
21 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.		
<i>Transactions with the Seasons Group</i>		
- Purchases	3,764,783	3,273,218
- Sales	(124,323)	(259,410)
<i>Amounts outstanding with the Seasons Group</i>		
- Receivables	9,316	19,981
- Payables	(47,187)	(622,198)
<i>Transactions with SGV1 Holdings Limited</i>		
- Secured Loan Payable	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 2019 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 12 for more details.		
22 Earnings per share		
Overall operations	¢	¢
Basic earnings (loss) per share	0.64	(3.07)
Basic earnings (loss) per share	0.64	(3.07)
	No.	No.
Weighted average number of ordinary shares used in the calculation of Basic Earnings Per Share	52,873,452	50,933,452
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	50,933,452
Anti-dilutive options on issue not used in dilutive EPS calculation	2,486,550	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.		
	\$	\$
Earnings:		
Earnings (loss) used in the calculation of Basic Earnings Per Share	339,129	(1,565,134)
Earnings (loss) used in the calculation of Dilutive Earnings Per Share	339,129	(1,565,134)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

23 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 its 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) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based upon the location of the external customer.

	Year ended 30 June 2019		Year ended 30 June 2018	
	\$	%	\$	%
Sales by country				
Australia	4,720,328	25.49%	3,336,752	28.67%
United States of America	4,504,111	24.32%	2,721,418	23.38%
United Arab Emirates	3,960,465	21.38%	1,048,097	9.01%
United Kingdom	1,253,935	6.77%	1,222,954	10.51%
China	783,920	4.23%	251,945	2.16%
Canada	783,134	4.23%	1,135,482	9.76%
Japan	488,406	2.64%	610,956	5.25%
Other foreign countries	2,026,228	10.94%	1,310,566	11.26%
	18,520,528	100.00%	11,638,170	100.00%

(c) 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 Arab Emirates accounting for 20% of external revenue (2018: the largest customer was in the USA, 16%) and the second largest customer, located in the United States, accounted for 18% of external revenue (2018: the second largest customer was in the United Arab Emirates, 8%). The next most significant customer also accounted for 9% of external revenue (2018: 8%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Year ended	
	30 June 2019 \$	30 June 2018 \$
24 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	(1,276,759)	(1,051,055)
Tax expense	(365,112)	(120,932)
Loss for the year attributable to owners of the Company	(1,641,871)	(1,171,987)
Other comprehensive income	-	-
Total loss and other comprehensive income for the year attributable to owners of the Company	(1,641,871)	(1,171,987)
(b) Statement of financial position		
Assets		
Current assets	1,144,869	799,728
Non-current assets	956,065	1,343,049
Total assets	2,100,934	2,142,777
Liabilities		
Current liabilities	4,467,017	2,879,788
Non-current liabilities	32,713	19,919
Total liabilities	4,499,730	2,899,707
Deficiency of net assets	(2,398,796)	(756,929)
Equity		
Issued capital	7,646,641	7,646,641
Reserves	411,189	411,189
Accumulated losses	(10,456,626)	(8,814,755)
Total equity	(2,398,796)	(756,926)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

24 Parent company disclosures (continued)

(c) Guarantees

The parent company has no contractual guarantees in place.

(d) Contractual commitments

Parent entity operating lease commitments are the same as consolidated entity commitments as disclosed in Note 16. The parent entity has no capital expenditure commitments.

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

25 Controlled entities

Investments in unquoted corporations being controlled entities:	Incorporated	Share class	Holding	
			2019	2018
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%

26 Events after the Reporting Period

On 30 July 2019 the Company released a statement that an entity controlled by non-executive Director Carl Hung had sold 3.8 million shares or 42% of it's holding in Beam to raise cash for his Chinese businesses. On 19 August 2019 the Company announced the formation of a joint venture with Roadpost Inc., a Canadian company, to develop and market a new satellite messaging and SOS device.

Other than the above, there have been no significant events since 30 June 2019.

27 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 30 to 53 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 2019 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 2019.

This declaration is made in accordance with a resolution of the Board of Directors on 29 August 2019.



Mr Simon Wallace
Chairman
Date: 29 August 2019



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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 2019, 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 2019 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.

THE POWER OF BEING UNDERSTOOD

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Key Audit Matters (Continued.)

Key Audit Matter	How our audit addressed this matter
Impairment of Intangible Assets Refer to Note 9 in the financial statements	
<p>The Group has intangible assets of \$5.6m, being capitalised development costs relating to Thuraya and Marconi projects.</p> <p>The Thuraya asset was available for use from March 2018, and therefore amortisation commenced during FY18 and continued in FY19. The Marconi asset was not available for use as at 30 June 2019. Management have performed an impairment assessment for both assets based on a value in use calculation, which determined that no impairment had occurred.</p> <p>We identified this area as a Key Audit Matter due to the size of the intangible assets balance and the judgment involved in determining the value in use of the relevant assets based on the estimated future cash flows generated.</p>	<p>Our audit procedures in relation to intangible assets included:</p> <ul style="list-style-type: none"> 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.
Deferred Tax Asset – tax losses Refer to Note 3 and Note 8 in the financial statements	
<p>The Group has a material Deferred Tax Asset balance of \$864k relating to operating losses and temporary differences.</p> <p>This is considered a key audit matter as there is a high degree of subjectivity and complexity in respect of the recognition of the deferred tax asset and the expectation that future taxable income against which the deferred tax asset can be utilised, is more likely than not.</p>	<p>Our audit procedures in relation to the deferred tax balance included:</p> <ul style="list-style-type: none"> Assessing management's assumptions in relation to the recoverability of the deferred tax asset and the manner in which temporary differences would be reversed and losses utilised. This included reviewing and challenging management's budgets and cash flow forecasts, and determining the historical accuracy of management's assumptions; and Assessing the appropriateness and adequacy of disclosures made in the financial statements in note 3 <i>Income Tax</i>.

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 2019, 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 2019.

In our opinion, the Remuneration Report of Beam Communications Holdings Limited., for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

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



J S CROALL
Partner

Dated: 29 August 2019
Melbourne, Victoria



AUSTRALIAN SECURITIES EXCHANGE INFORMATION

As at 31 August 2019.

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	10,540,000	19.93%
FF OKRAM PTY LTD	8,634,258	16.33%
SGV1 HOLDINGS LIMITED	5,409,874	10.23%
WASHINGTON SOUL PATTINSON	2,000,000	3.78%
ARTPRECIATION PTY LTD	1,798,632	3.40%
J P MORGAN NOMINEES	1,743,491	3.30%
CAPOCCHI SUPER PTY LTD	1,603,899	3.03%
KILLARNEY PROPERTIES	1,212,245	2.29%
RAPAKI PTY LTD	1,076,473	2.04%
VINCENT GALANTE	883,010	1.67%
HOTTON FAMILY	832,052	1.57%
EVERCITY PTY LTD	800,000	1.51%
TOM BEKIARIS	731,835	1.38%
IVAN & FELICITY TANNER	700,000	1.32%
PETER LINCOLN SIMPSON	600,000	1.13%
ROBERT MANSFIELD NIAL	527,200	1.00%
TWARTZ FAMILY	416,666	0.79%
TASMAN DOUGLAS LOVELL	410,000	0.78%
HSBC CUSTODY NOMINEES	378,590	0.72%
JOHN SELWYN INVESTMENTS	360,000	0.68%
TOTAL TOP 20:	40,658,225	76.90%
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 713 shareholders.
- 2,486,550 options to subscribe for ordinary shares to 7 option holders.

No convertible notes remain on issue.

VOTING RIGHTS

There are 52,873,452 ordinary fully paid shares held by 713 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	10,540,000	19.93%
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.

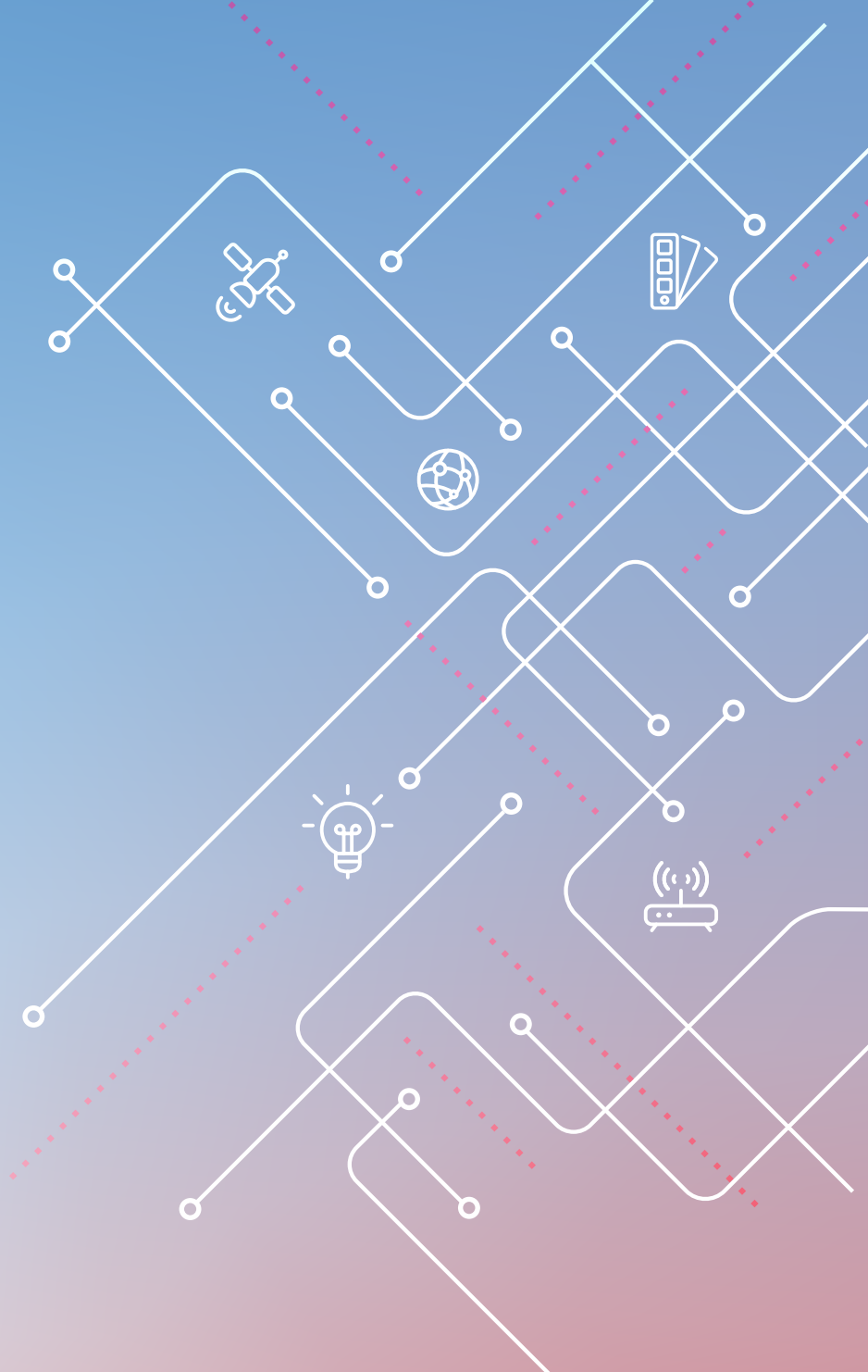
DISTRIBUTION OF SHARES

Size of Holdings	Number of Holders	Number of Shares	%
1 to 1,000	249	71,874	0.14%
1,001 to 5,000	146	420,102	0.79%
5,001 to 10,000	74	575,648	1.09%
10,001 to 100,000	197	7,073,083	13.38%
100,001 and over	47	44,732,745	84.60%
TOTAL	713	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
298	41.80%	155,025	0.29%





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