Beam Communications Holdings Limited
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21 February 2020

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4D Half Year Report and Financial Report

The Company, Beam Communications Holdings Limited, encloses its Appendix 4D (Half Year Report) and Half Year Financial Report for the six months ended 31 December 2019, including audited Financial Statements, Notes to the accounts, Directors Report and Auditors Review Report, for immediate release.

Yours faithfully

Dennis Payne
Company Secretary

Beam Communications Holdings Limited
ABN 39 010 568 804

Appendix 4D
Half Year Report
Half Year ended 31 December 2019

The information contained in this Appendix 4D should be read in conjunction with the most recent Annual Report covering the financial year ending 30 June 2019.

1. Reporting periods

Current reporting period	Half year ended 31 December 2019
Previous corresponding periods	Half year ended 31 December 2018
	Financial year ended 30 June 2019

2. Results for announcement to the market

$A

2.1	Total revenue	Down 32.3% to $ 7,116,032	
2.2	Profit from ordinary activities after tax attributable to members	Profit down by $572,400 from $ 732,938 to $ 160,538	
2.3	Net profit for the period attributable to members	Profit down by $572,400 from $ 732,938 to $ 160,538	
2.4	Dividends (distributions)	Amount per security	Franked amount per security
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
	Previous corresponding period:		
	Final dividend	NIL ¢	NIL ¢
	Interim dividend	NIL ¢	NIL ¢
2.5	Record date for determining entitlements to the dividend	N/A	

2.6 EXPLANATION

The Beam Group's activities and results for the half year ended 31 December 2019 reflect a continued strong performance following the record revenue and pre-tax profit result for the Group in FY2019. Without the benefit of the major delivery of WE units shipped in the corresponding period of FY2019 (PCP), the Group still recorded a durable revenue result and a pleasingly profitable position, both before and after tax considerations.

The delay, largely out of Beam's control, in finalising the Thuraya WE device deferred the delivery of the initial order until November 2018. Thuraya's market launch plans were postponed which inevitably meant follow-up orders from Thuraya were not expected in the first half of FY2020.

Total Group revenue for the half year to 31 December 2019 was $7,116,032. Taking into account the $3.85m in sales to Thuraya in October and November 2018, it can be seen that Beam and SatPhone Shop product revenue increased by 7% over the PCP. There was a significant and consistent lift in sales orders for existing Beam and SatPhone Shop products, including docking units, fixed terminals and accessories, in the period July to December 2018 and this momentum carried through into the second half of FY2019 and, now, into FY2020. This impetus contributed significantly to the Group's positive net profit position in FY2019, and underpinned the positive result in the first half of this financial year.

There was a delivery of 2,500 Iridium GO!® units to Iridium during the half year, the same quantity as delivered in the PCP.

Overheads were contained well within budget and, despite the oscillations of the AUD-USD exchange rate the Group recorded only a minor FX loss. Interest costs increased, initially due to the uptake of US$666,000 during the September quarter 2018 from a US dollar term loan facility, but also as a result of new accounting treatments for leased assets ($30,000) and interest free loans (notional interest expense of $27,000).

The end result was a Net Profit Before Tax of $256,000 for the first half year and an EBITDA of $1.09m.

Income tax expense related to Australian activities amounted to a net $8,000 including the tax treatment of leased assets and the continued partial utilisation, (currently 60%), of the Group's deferred tax assets (mainly accumulated tax losses). In addition there were taxes of $88,000 as incurred by the Group's USA subsidiary.

3. Net Tangible Assets per security

	31 December 2019 Cents per share	30 June 2019 Cents per share
Net tangible assets per security	3.0157	4.1764

4. Details of entities over which control has been gained or lost during the period:

4.1	Name of the entity.	N/A
4.2	The date of the gain or loss of control.	N/A

		Current period	Previous corresponding period
4.3	Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.	N/A	N/A

5. Individual and Total Dividend or Distribution Payments

Dividend or distribution payments:	Amount	Date on which each dividend or distribution is payable	Amount per security of foreign sourced dividend or distribution (if known)
N/A	N/A	N/A	N.A
Total			

6. Dividend or Distribution Reinvestment Plans

N/A

7. Details of associates and joint venture

Name of entity	% Holding	Aggregate Share of profit (losses)	Contribution to net profit

		Current period	Previous correspon-ding period	Current period	Previous correspon-ding period
N/A					

8. Foreign entity accounting standards

N/A

9. Independent review of the financial report

The financial report for the half-year ended 31 December 2019 has been reviewed and will not be qualified or include any emphasis of matter

Signed by Chairman:

Name: Simon Wallace
Date: 20 February 2020

Beam Communications Holdings Limited

ABN 39 010 568 804

Half-year financial report
for the half-year ended 31 December 2019

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

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The Directors of Beam Communications Holdings Limited submit herewith the Consolidated Financial Report of Beam Communications Holdings Limited and controlled entities ('Group') for the half-year ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

Directors:
The names of the Directors of the Company during, or since the end of, the half-year are:

Non-Executive Directors:
Carl Cheung Hung
David Paul James Stewart
Simon Lister Wallace

Managing Director:
Michael Ian Capocchi

Review of Operations
The consolidated Group financial results for the half-year ended 31 December 2019 and comparative results for the half-year ended 31 December 2018 are as follows:

	1 July 2019 to 31 Dec 2019 $	1 July 2018 to 31 Dec 2018 $
Revenue	7,116,032	10,507,873
Operating expenses	(6,720,926)	(9,588,956)
Operating profit/(loss) before interest and tax	395,106	918,917
Interest	(139,058)	(61,641)
Income tax expense	(95,510)	(124,338)
Profit/(loss) for the period	160,538	732,938

	At 31 Dec 2019 $	At 31 Dec 2018 $
Financial position / total equity	7,800,243	8,182,300
Cash and cash equivalents	1,588,249	1,508,313

Performance and Profit

The principal activity of the Group during the half-year ended 31 December 2019 continued to be the manufacture and global distribution of satellite communication terminals, docking units and handheld phone accessories.

The Beam Group's activities and results for the half year ended 31 December 2019 reflect a continued strong performance following the record revenue and pre-tax profit result for the Group in FY2019. Without the benefit of the major delivery of WE units shipped in the previous corresponding period (PCP) of FY2019, the Group still recorded a durable revenue result and a pleasingly profitable position, both before and after tax considerations.

As previously reported, the delay in finalising the Thuraya WE device was outside Beam's control and deferred the delivery of the initial order until November 2018. Thuraya's market launch plans were postponed, which inevitably meant follow-up orders from Thuraya were not expected in the first half of FY2020.

Total Group revenue for the half year to 31 December 2019 was $7,116,032. Taking into account the $3.85m in sales to Thuraya in October and November 2018, it can be seen that Beam and SatPhone Shop product revenue increased by 7% over the PCP. There was a significant and consistent lift in sales orders for existing Beam and SatPhone Shop products, including docking units, fixed terminals and accessories, in the period July to December 2018, and this momentum carried through into the second half of FY2019 and, now, into FY2020. This impetus contributed significantly to the Group's positive net profit position in FY2019 and underpinned the positive result in the first half of this financial year.

There was a delivery of 2,500 Iridium GO! ® units to Iridium during the half year, the same quantity as delivered in the PCP. The most recent shipment delivered was 50% of the sixth order for these units, bringing the total number of shipped units to 37,500, as the popularity of this remarkable device continues to be enhanced by strong support from Iridium and our dealer network.

SatPhone Shop, Beam's Telstra dealership and on-line retail business, continues to expand its product range and sales volumes. Revenue from this division in the first half was up 26% on the PCP, to $0.7m, including increased sales to small to medium enterprises and semi-government bodies, and a steady expansion of rental equipment and pre-paid SIM cards.

Overheads were contained well within budget and, despite the oscillations of the AUD-USD exchange rate (0.7013 at 30 June, 0.6749 at 30 September returning to 0.7006 at 31 December) the Group recorded only a minor FX loss. Interest costs increased, initially due to the uptake of US$666,000 during the September quarter 2018 from a US-dollar term loan facility, but also as a result of new accounting treatments for leased assets ($30,000) and interest free loans (notional interest expense of $27,000), occasioned from arrangements with our JV partner on the ZOLEO development.

The total cost of project amortisation for the half year of $591,000 was 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 $260,000, the majority of which also related to the Thuraya WE project.

The end result was a Net Profit Before Tax of $256,000 for the first half year and an EBITDA of $1.09m.

Income tax expense related to Australian activities amounted to a net $8,000 including the tax treatment of leased assets and the continued partial utilisation, (currently 60%), of the Group's deferred tax assets (mainly accumulated tax losses). In addition, there were taxes of $88,000 as incurred by the Group's USA subsidiary. These US liabilities are unable to be claimed against Australian tax losses.

Outlook and Projects

On 12 February 2020 Beam released a statement to the ASX confirming that, on present expectations and evidence, there should be little or no impact to Group performance in FY2020 from the outbreak in China of the coronavirus. Sufficient quantities of all products manufactured in Asia are held in inventories either in Melbourne, Malaysia or in China, having been produced before Chinese New Year.

Beam has secured a seventh order of 5,000 Iridium GO! ® units from Iridium, as announced on 6 November 2019, to be delivered in FY2021. This will bring the total units ordered of this product to 45,000, again signalling a significantly longer product lifecycle than other comparable communication devices due to its rugged design and customised applications (Apps). These Apps source and deliver to users many types of real-time information such as weather, mail and maritime charting. The 2500-unit balance of the sixth order will be delivered by the end of FY2020. 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.

As noted above, the Thuraya WE delivery effected in October/November 2018 completed the first contract with Thuraya for these products. The delays experienced during the development phase, which were outside Beam's control, delayed Thuraya's market launch plans. Understandably, new orders are not expected to be received until the initial product deliveries gain acceptance in the market place. This may not happen until FY2021.

Late in 2019 Beam announced the pre-sales launch of ZOLEO, a major new product for Beam that has been in development for over two years. It introduces the world's first seamless global messaging and personal safety/ SOS service for smartphone users and is designed to drive recurring revenues from long-term customers. On 29 January 2020, ZOLEO was released for sale to the North American and Australian markets. The device is offered through ZOLEO Inc, being a joint venture between Beam and Canadian-based Roadpost Inc, utilising the upgraded Iridium Short Burst Data (SBD), cellular and Wi-Fi standards. Roadpost has a 28-year track record in selling cellular and satellite solutions to the North American markets. Beam anticipates ZOLEO sales and recurring airtime revenues will substantially increase group revenue from FY2021 onwards.

SatPhone Shop, our on-line retailer, continues to expand its product range and sales volume and provides a growing contribution to the Group's performance. As SatPhone Shop's market-reach and penetration improves, it is increasingly being used as an ordering portal for larger organisations, resulting in steadily growing sales volume.

Revenues from ZOLEO and other new products to be released over calendar 2020 are expected to deliver substantial increases in Group revenues from FY2021. While sales and airtime revenues derived from the use of those products gather momentum, in the second half of FY2020 Beam expects continuing and increasing demand for Beam's base product suite. Reassuringly, the revenue trend in our organic business indicates growth, rather than the decline in demand often seen in mature communications devices and accessories.

Several new product projects are underway and will become available from FY2021.

Amongst these new projects/products are:

- new LTE devices and software solutions for industrial IoT applications outside the purely satellite communications space, with a small initial range of products launched for Australian and global markets. The ability to provide an end-to-end solution to users in the IoT space is being seriously investigated at present, building on Beam's capability of providing software solutions to resolve client's issues. Modest revenues have been recorded so far but there is great potential.
- Beam will 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.
- Beam was selected as a beta partner by Iridium to develop a new generation of products that utilises the upgraded Certus 9770 transceiver. Some of our new Iridium SFX based product developments to service these new market opportunities have commenced already in FY2020, with release of the products mid FY2021.

The Indian market continues to be available to Beam via Inmarsat's satellite services. Several orders have been fulfilled since the initial US$250,000 order, albeit smaller in magnitude, and further orders are anticipated as market awareness and adoption of the Inmarsat service grows in India.

The Board believes development of innovative technologies will provide a path to significant uplift in revenues while continuing to support and grow the existing business to secure ongoing profitability.

Cash and Funding

At 31 December 2019, the Group's cash holding was $1.6m and Australian bank facilities were undrawn with minor use of the bank overdrafts employed during the previous six months. The available bank loan facilities total $760,000. Trading operations, which especially benefit from major contracted revenues, are cash positive and expenditure on major development projects is the major application of cash for the Group. As mentioned, Beam is increasing its investment in developing and launching a range of new products. In the first half of FY2020, $1.2m was expended on product developments ($2.0m for the FY2019 year). The Group's current cash balance and available bank facilities are expected to be accessed during FY2020 in order to fund the Group's ongoing investment activities.

The partially drawn facility from SGV1 Holdings Limited, which was arranged in late 2016 to ensure funding for Beam's development program, continues to be available, following a one-year extension arranged with SGV1. Beam drew US$0.66m from this US$2m facility in September quarter of 2018. It is not anticipated that there will be further drawings made on this facility, which now expires on 1 January 2021.

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 mainly 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 next application to the R&D fund, relating to expenditure in FY2019, will be made with the Group's income tax return in April 2020.

As previously announced, under the joint venture agreement for the establishment of ZOLEO Inc, being the entity which will market and sell the ZOLEO products, Roadpost Inc of Canada agreed to provide Beam with an interest-free loan of 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, at Beam's sole discretion. In the June quarter 2019 Beam received US$450,000 in respect of that arrangement with a further US$150,000 received in September quarter, but has transferred US$550,000 for start-up cash to ZOLEO Inc. Additional cash will be drawn as required by ZOLEO Inc. as it seeks to support the launch of its innovative product with targeted marketing activities.

Directors and Investors

Carl Hung was re-elected as a Director by shareholders at the Annual General Meeting of 22 November 2019. Carl is 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.

Simon Wallace was re-elected as a Director by shareholders at the previous 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.

David Stewart joined our board in November 2017, with his appointment confirmed at the following AGM. David has acted as advisor to senior management in the rationalisation of development expenditure and provides hands-on assistance in the selection of trading partners. David is Beam's major shareholder, holding 20.62% of the shares in the Company, reflecting his positive view of the Group's growth prospects in the communications sector.

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

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

With FY2020 a year of consolidation, the Directors are confident that the return to a significant profit situation in FY2019 and also in the first half of FY2020, are indicators of the Group's successful efforts to improve core and new product offerings and sales strategies, while expanding the business's scale and investment capacity via incremental yet sustainable revenue and profit expansion.

Significant changes in the state of affairs

Other than stated above, there have been no significant changes in the consolidated group's state of affairs during the period.

Auditor's Declaration of Independence

The auditor's independence declaration is included in the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the directors.

Simon Wallace
Chairman
Signed in Melbourne, 20 February 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Beam Communications Holdings Limited for the half year ended 31 December 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 review; and

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

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 20 February 2020
Melbourne, Victoria

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Half-year ended 31-Dec-19 $	Half-year ended 31-Dec-18 $
Revenue	12	7,116,032	10,507,873
Changes in inventories of raw materials, finished goods and work in progress		777,192	(895,021)
Raw materials, consumables and other costs of sale		(4,262,706)	(5,286,300)
Employee benefits expense		(1,353,231)	(1,612,593)
Amortisation expense		(591,196)	(587,689)
Depreciation expense		(105,842)	(34,059)
Impairment expense		-	(33,910)
Finance costs expense		(139,058)	(61,641)
Consultancy and contractor expense		(256,905)	(123,567)
Legal and insurance expense		(77,602)	(122,319)
Accounting, share registry and secretarial expenses		(47,619)	(45,436)
Auditor remuneration expense		(45,600)	(28,626)
Marketing and ICT expense		(173,419)	(185,651)
Share of loss from interest in joint venture		(216,439)	-
Other expenses		(367,560)	(633,786)
Profit before income tax expense		256,048	857,276
Income tax expense	3	(95,510)	(124,338)
Profit after income tax expense for the half-year		160,538	732,938
Other comprehensive income		-	-
Total comprehensive income for the half-year		160,538	732,938

Profit and total comprehensive income are both fully attributable to owners of the Company

	Note	31-Dec-19	31-Dec-18
Overall operations			
Basic profit per share (cents)	2	0.30	1.39
Diluted profit per share (cents)	2	0.30	1.39

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

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31-Dec-19 $	30-Jun-19 $
Current assets			
Cash and cash equivalents		1,588,249	2,532,285
Inventories		3,514,215	2,737,022
Trade and other receivables	4	1,682,972	2,189,620
Total current assets		6,785,435	7,458,927
Non-current assets			
Interest in joint venture		240,725	100,227
Plant and equipment		115,291	102,957
Right-of-use assets	5	598,449	-
Deferred tax assets		886,473	863,745
Intangible assets	6	6,210,127	5,580,260
Total non-current assets		8,051,064	6,647,189
Total assets		14,836,500	14,106,117
Current liabilities			
Trade and other payables	7	3,369,702	3,502,547
Other financial liabilities	8	951,564	950,615
Lease liabilities	9	172,762	-
Provisions		1,177,414	1,190,085
Total current liabilities		5,671,442	5,643,247
Non-current liabilities			
Lease liabilities	9	604,962	-
Other financial liabilities	8	719,495	641,665
Provisions		40,358	32,713
Total non-current liabilities		1,364,815	674,378
Total liabilities		7,036,257	6,317,625
Net assets		7,800,243	7,788,492
Equity			
Issued capital	10	7,646,641	7,646,641
Reserves		411,189	411,189
Retained earnings		(257,587)	(269,338)
Total equity		7,800,243	7,788,492

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

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued capital $	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2018	7,646,641	411,189	(608,467)	7,449,363
Profit for the period	-	-	732,938	732,938
Other comprehensive income for the year, net of income tax	-	-	-	-
Balance at 31 December 2018	7,646,641	411,189	124,471	8,182,301
Balance at 1 July 2019	7,646,641	411,189	(269,338)	7,788,492
Effect of initial application of AASB 16 - (Note 1d)	-	-	(178,190)	(178,190)
Deferred tax effect of initial application of AASB 16 - (Note 1d)	-	-	29,403	29,403
Balance at 1 July 2019 - As restated	7,646,641	411,189	(418,125)	7,639,705
Profit for the period	-	-	160,538	160,538
Other comprehensive income for the year, net of income tax	-	-	-	-
Balance at 31 December 2019	7,646,641	411,189	(257,587)	7,800,243

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

BEAM COMMUNICATIONS HOLDINGS LIMITED
ABN 39 010 568 804

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31-Dec-19 $	31-Dec-18 $
Cash flow from operating activities		
Receipts from customers	6,948,332	9,018,773
Payments to suppliers and employees	(6,206,409)	(7,956,255)
Interest and finance charges paid	(112,502)	(61,641)
Income tax paid	(88,837)	(15,944)
Interest received	98	34
Net cash provided by operating activities	540,682	984,967
Cash flow from investing activities		
Development costs capitalised	(1,221,063)	(888,278)
Purchases of plant and equipment	(42,126)	(33,351)
Research and development grant receipts	-	-
Interest in joint venture	(364,214)	-
Net cash used in investing activities	(1,627,403)	(921,629)
Cash flow from financing activities		
Loan receipts	220,978	916,050
Lease liability repayments	(78,294)	-
Net cash provided by financing activities	142,684	916,050
Net (decrease) / increase in cash and cash equivalents	(944,037)	979,388
Cash and cash equivalents at beginning of full-year	2,532,285	528,925
Cash and cash equivalents at end of half-year	1,588,249	1,508,313

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

1 Summary of significant accounting policies

(a) Reporting entity

Beam Communications Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX Code: BCC). The consolidated interim financial report of the company as at 31 December 2019 comprises the parent company and its subsidiaries (together referred to as 'the consolidated entity' or 'the Group').

(b) General information and basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not include all of the information required in annual financial statements in accordance with Australian Accounting Standards. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the following half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001* .

The consolidated interim financial statements have been approved and authorised for issue by the Board of Directors on 20 February 2020.

(c) Accounting policies

The accounting policies applied in preparing these consolidated financial statements for the half-year ended 31 December 2019 are the same as those applied by the consolidated entity in its consolidated annual financial report as at and for the year ended 30 June 2019.

(d) New or amended Accounting Standards and Interpretations adopted

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

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

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

Impact of adoption of AASB 16:
AASB 16 ‘Leases’ replaces AASB 17 ‘Leases’. The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The impact on adoption of AASB 16 on statement of financial position and statement of profit or loss is as follows:

	Half-year ended 31-Dec-19 $	Full-year ended 30-Jun-19 $
Statement of Financial Position		
Non-current assets:		
Right-of-use assets	598,449	-
Deferred tax assets	29,581	-
Current liabilities:		
Lease liabilities	172,762	-
Non-current liabilities:		
Lease liabilities	604,962	-

	Half-year ended 31-Dec-19 $	Half-year ended 31-Dec-18 $
Statement of Profit or Loss		
Depreciation on right-of-use assets	79,380	-
Interest expense on lease liability	30,328	-
Lease rentals	-	118,680

1 Summary of significant accounting policies (continued)

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

The following is a reconciliation of total operating lease commitments as at 30 June 2019 to the lease liabilities recognised at 1st July 2019:

	01-Jul-19
	$
Operating lease commitments disclosed as at 30 June 2019	963,508
New lease commitments as at 1st July 2019	32,916
Low value leases not recognised as a right-of-use asset	-
Adjustment in relation to variable lease payments	9,700
Operating lease liabilities before discounting	1,006,124
Discounted using incremental borrowing rate	(150,105)
Lease liability recognised under AASB 16 as at 1st July 2019	856,019
Right-of-use asset recognised under AASB 16 as at 1st July 2019	677,829
Reduction in opening retained earnings as at 1st July 2019	(178,190)
Deferred tax effect of initial application of AASB 16 as at 1st July 2019	29,403

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

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

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

(e) Fair value measurement
The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

	Half-year ended	
	31-Dec-19	31-Dec-18
	cents	cents
2 Earnings per share		
Both the basic and diluted earnings per share have been calculated using the earnings attributable to shareholders of the Parent Company as the numerator. i.e. no adjustments to earnings were necessary for the six months to 31 December 2019 and 31 December 2018.		
Overall operations		
Basic earnings per share	0.30	1.39
Diluted earnings per share	0.30	1.39
	No.	No.
Weighted average number of ordinary shares used in the calculation of Basic / Diluted Earnings Per Share	52,873,452	52,873,452

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.

	$	$
3 Income tax		
Current tax expense (a)	88,837	15,944
Deferred tax expense (b)	6,673	108,394
	95,510	124,338

(a) Income tax expense comprises current year tax of $88,837 incurred by the Group's USA subsidiary which is unable to be claimed against Australian tax losses.
(b) The deferred tax expense reflects the movements in the deferred tax assets and liabilities. The directors have maintained a conservative approach and have recognised 60% (2019: 60%) of the deferred tax assets and liabilities inclusive of carried forward tax losses.

	Half-year	Full-year
4 Trade and other receivables	31-Dec-19	30-Jun-19
	$	$
(a) Trade and other receivables consist of the following:		
Trade receivables	692,293	1,207,740
Other receivables and prepayments	876,312	867,516
Rental security deposit	114,367	114,364
	1,682,972	2,189,620

4 Trade and other receivables (continued)

(b) Ageing reconciliation

	Gross amount	Within trade terms	Past due but not impaired (days overdue) 31 - 60	61 - 90	90+	Past due & impaired
31-Dec-19						
Current						
Trade receivables	692,293	464,121	204,661	19,111	4,401	-
Other receivables	876,315	876,315				-
Rental security deposit	114,364	114,364				-
30-Jun-19						
Current						
Trade receivables	1,207,740	572,116	462,159	4,993	168,472	-
Other receivables	867,516	867,516	-	-	-	-
Rental security deposit	114,364	114,364	-	-	-	-

5 Right-of-use assets

	Half-year 31-Dec-19 $	Full-year 30-Jun-19 $
(a) Cost		
Balance recognised at the beginning of the period	677,829	-
Additions	-	-
Disposals	-	-
Balance at the end of period	677,829	-
(b) Accumulated depreciation		
Balance at the beginning of period	-	-
Charge for the year	(79,380)	-
Disposals	-	-
Balance at the end of period	(79,380)	-
Carrying amount	598,449	-

The Group leases several assets which includes building, forklift and printers and the lease term of these assets are 9 years, 3 years and 5 years respectively. However the lease term left at the end of current reporting period is less then 4 years. There are no variable lease payment terms in any lease contracts.

There are no extension or termination options on the leases.

	Half-year ended 31-Dec-19 $	Half-year ended 31-Dec-18 $
(c) Amount recognised in profit or loss		
Depreciation expense on right-of-use assets	79,380	-
Interest expense on lease liabilities	30,328	-
Expense relating to short-term leases	-	-
Expense relating to leases of low value assets	11,734	15,533

6 Intangible assets

	Half-year ended 31-Dec-19 $	Full-year ended 30-Jun-19 $
Development costs capitalised - at cost	15,310,506	14,089,443
Accumulated amortisation and impairment	(9,100,379)	(8,509,183)
	6,210,127	5,580,260
(a) Movements in carrying amounts		
Balance at the beginning of period	5,580,260	4,835,509
Additional costs capitalised	1,221,063	1,957,550
Amortisation expense	(591,196)	(1,178,889)
Impairment expense	-	(33,910)
Balance at the end of period	6,210,127	5,580,260

7 Trade and other payables

Current		
Trade payables and accruals	1,857,967	1,310,299
Deferred income	1,511,735	2,192,248
	3,369,702	3,502,547

8 Finance facilities

Current		
Secured loan (a)	951,564	950,615
Non Current		
Secured loan (b)	719,495	641,665

8 Finance facilities (continued)

Secured loans

(a) The group has a secured loan finance facility with SGV1 Holdings Limited for US$2,000,000. As at 31 December 2019, US$666,666 (A$951,564) has been drawn down. 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 48 month term expiring on 1 January 2021 and has been utilized mainly for the purposes of funding product development projects.

(b) In addition the Company has a secured loan facility with Roadpost Inc. of up to US$600,000. Roadpost is a Canadian company and a joint venture partner with Beam Communications Pty Ltd to develop, market and distribute the Zoleo product, a satellite based messaging device, including associated airtime contracts. The interest-free Assistance Loan is to assist Beam to establish the business and is repayable at Beam's sole discretion. As at 31 December 2019, US$600,000 (A$856,409) has been drawn down. The total loan balance of A$719,495 represents the fair value of the loan at 31 December 2019. The loan is secured by Beam's pledge of shares in Zoleo Inc, an entity established with Roadpost to manage the Zoleo business.

8 Finance facilities (continued)

(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 31 December 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 31 December 2019.
- a US dollar overdraft with a limit of US$320,000. The US dollar overdraft was not utilised at 31 December 2019.

	Half-year 31-Dec-19 $	Full-year 30-Jun-19 $
9 Lease liabilities		
(a) Maturity analysis		
Year 1	224,257	-
Year 2	232,183	-
Year 3	234,945	-
Year 4	206,116	-
Year 5	-	-
Year 5 onwards	-	-
	897,501	-
Less: unearned interest	(119,777)	-
	777,724	-
(b) Disclosed as:		
Current	172,762	
Non-current	604,962	
	777,724	

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

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

	Half-year ended 31-Dec-19 Shares	Half-year ended 31-Dec-19 $	Full-year ended 30-Jun-19 Shares	Full-year ended 30-Jun-19 $
10 Issued capital				
Issued and paid up capital				
Ordinary shares fully paid	52,873,452	7,646,641	52,873,452	7,646,641
Total issued capital	52,873,452	7,646,641	52,873,452	7,646,641

	Number of shares	$
Balance at 30 June 2019	52,873,452	7,646,641
Balance at 31 December 2019	52,873,452	7,646,641

11 Segment reporting

The 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.
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.

12 Revenue

The Group's revenue disaggregated by primary geographical markets is as follows:

	Half-year ended 31-Dec-19		Half-year ended 31-Dec-18	
Geographical Market	**$**	**%**	**$**	**%**
Australia	1,555,754	22	2,620,518	25
United States of America	2,188,818	31	1,741,865	17
United Kingdom	560,305	8	673,476	6
Canada	519,576	7	314,030	3
United Arab Emirates	584,912	8	3,893,542	37
Japan	181,725	3	239,013	2
China	73,112	1	340,657	3
Other foreign countries	1,451,830	20	684,771	7
	7,116,032	100%	10,507,873	100%

13 Financial instruments

(a) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(b) Finance facility with related parties:

On 19 October 2016 the Group entered into a secured finance facility with a major shareholder, SGV1 Holdings Limited, a company associated with Carl Hung, a Director of Beam Communications Holdings Limited. Refer to note 8 for further details.

14 Events after the end of the interim period

The Directors are not aware of any significant events since the end of the interim period.

The directors of Beam Communications Holdings Limited declare that:

1. The financial statements and notes as set out in pages 11 to 15 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 31 December 2019 and of the performance for the half 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 half year ending 31 December 2019.

This declaration is made in accordance with a resolution of the Board of Directors on 20 February 2020.

Simon Wallace
Chairman

Date: 20 February 2020

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Beam Communications Holdings Limited which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Beam Communications Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations act 2001*, which has been given to the directors of Beam Communications Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Beam Communications Holdings Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 20 February 2020
Melbourne, Victoria