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The Manager
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Market Update

As announced previously the initial release of hand held satellite phones by Inmarsat scheduled for July 2010 was delayed until September 2010. This affected Beam sales of complimentary products in the July to September period. Beam has not been able to complete the delivery of back orders arising from this delay by 31st December 2010 and sales revenue is lower than forecast.

The exchange rate between the A\$ and the US\$ has continued at high levels which reduces Beam sales denominated in US\$ and gross profit margins.

The company is presently forecasting a loss of between \$430,000 and \$530,000 for the six months ending 31st December 2010 as a result of the above factors.

The company will be increasing some selling prices with effect from January 2011 to substantially offset the continuing high exchange rate issue.

We have also undertaken steps to transfer more manufacturing activities to Asia where costs will be denominated in US\$ instead of \$A as part of our exchange rate risk management and for other efficiencies.

The company will deliver the second part of a major Telstra order in January and with the fulfillment of substantial Inmarsat backorders and the continuing improvement in Iridium related sales the Company anticipates a modest profit for the full year.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Dennis Payne". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dennis Payne
Company Secretary