



Beam Communications Holdings Limited

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27 February 2019

The Manager
Market Announcements Platform
Australian Securities Exchange

Appendix 4D Half Year Report and Financial Report

The Company, Beam Communications Holdings Limited (Formerly World Reach Limited), encloses its Appendix 4D (Half Year Report) and Half Year Financial Report for the six months ended 31 December 2018, including audited Financial Statements, Notes to the accounts, Directors Report and Auditors Review Report, for immediate release.

Yours faithfully

A handwritten signature in black ink, appearing to read "Dennis Payne".

Dennis Payne
Company Secretary

**Beam Communications Holdings Limited
(Formerly World Reach Limited)
ABN 39 010 568 804**

**Appendix 4D
Half Year Report
Half Year ended 31 December 2018**

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 2018.

1. Reporting periods

Current reporting period Half year ended 31 December 2018
Previous corresponding periods Half year ended 31 December 2017
 Financial year ended 30 June 2018

2. Results for announcement to the market

		\$A	
2.1	Total revenue	Up 106.5%	to \$ 10,507,873
2.2	Profit (loss) from ordinary activities after tax attributable to members	Up \$1,313,796 from loss for half year 31 December 2017 of \$(580,858)	to \$ 732,938
2.3	Net profit (loss) for the period attributable to members	Up \$1,313,796 from loss for half year 31 December 2017 of \$(580,858)	to \$ 732,938
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

Total Group revenue for the half year to 31 December 2018 increased by 106.5% over the same period of the previous year due to two main factors:

- Firstly, the major shipments of WE units in October and November to Thuraya Telecommunications valued at \$3.85m, as budgeted.
- Secondly, and most importantly, there has been a significant lift in sales orders for existing Beam and SatPhone Shop products. The orders were consistent from July to December 2018 and this momentum has carried through into the first two months of calendar 2019. This second factor ensured the sales performance was ahead of budget expectations.

There was also a delivery of 2,500 Iridium GO!® units to Iridium during the half year, completing the fourth of six orders for these units. A similar quantity was delivered in the same half of the previous year.

The improved sales revenue increased gross profit before operating costs to \$4.3m, well ahead of budget. Operating costs, despite close control, exceeded budget estimates for a number of good reasons, some beyond Beam's control. These included foreign exchange losses totalling \$99,000, earlier than expected start-up costs of \$125,000 related to a prospective new market segment and \$150,000 associated with the evolving product development program. The end result was a Net Profit Before Tax of \$857,000 for the first half year and an EBITDA of \$1.54m.

Partial utilisation of the Group's deferred tax assets (mainly accumulated tax losses) against the half year taxable profit resulted in an accounting tax expense of \$108,000 in Australia plus current year taxes incurred by the Group's USA subsidiary of \$16,000, which are unable to be claimed against Australian tax losses.

Beam is on-track to return to a positive net profit position in FY2019 due to a recovery in sales and growing demand for Beam's base products, as foreshadowed in previous company reports, although it must be noted that the second half of the current financial year is unlikely to benefit from a substantial, WE order as was recorded in the first half.

3. Net Tangible Assets per security

	31 December 2018 Cents per share	30 June 2018 Cents per share
Net tangible assets per security	5.8254¢	4.9436¢

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

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
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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 corresponding period	Current period	Previous corresponding period
N/A					

8. Foreign entity accounting standards

N/A

9. Independent review of the financial report

The financial report has been independently reviewed and all matters are adequately stated.

Signed by Chairman:



Name: Mr Simon Wallace

Date: 27 February 2019

Beam Communications Holdings Limited

(Formerly World Reach Limited)

ABN 39 010 568 804

Half-year financial report
for the half-year ended 31 December 2018

BEAM COMMUNICATIONS HOLDINGS LIMITED
(Formerly World Reach Limited)
ABN 39 010 568 804

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018

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DIRECTORS' REPORT

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 2018. 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:

Mr Carl Cheung Hung
Mr David Paul James Stewart
Mr Simon Lister Wallace

Managing Director:

Mr Michael Ian Capocchi

Review of Operations

The consolidated Group financial results for the half-year ended 31 December 2018 and comparative results for the half-year ended 31 December 2017 are as follows:

	1 July 2018 to 31 Dec 2018 \$	1 July 2017 to 31 Dec 2017 \$
Revenue	10,507,873	5,088,441
Operating expenses	<u>(9,588,956)</u>	<u>(5,635,412)</u>
Operating profit/(loss) before interest and tax	918,917	(546,971)
Interest	(61,641)	(21,614)
Income tax expense	<u>(124,338)</u>	<u>(12,273)</u>
Profit/(loss) for the period	<u>732,938</u>	<u>(580,858)</u>
	At 31 Dec 2018	At 31 Dec 2017
Financial position / total equity	\$8,182,300	\$8,433,638
Cash and cash equivalents	\$1,508,313	\$1,048,043

Performance so far

Yes, it is very pleasing for your directors to be able to provide this report on the Beam Group's activities and results for the half year ended 31 December 2018. A vastly improved performance for the half generated a record revenue and profit result for the Group in a major turnaround from FY2018.

Total Group revenue for the half year to 31 December 2018 increased by more than 100% over the same period of the previous year due to two main factors.

Firstly, the major shipments of WE units in October and November to Thuraya Telecommunications valued at \$3.85m, as budgeted. Secondly, and most importantly, there has been a significant lift in sales orders for existing Beam and SatPhone Shop products. The orders were consistent from July to December 2018 and this momentum has carried through into the first two months of calendar 2019. This second factor ensured the sales performance was ahead of budget expectations.

There was also a delivery of 2,500 Iridium GO!® units to Iridium during the half year, completing the fourth of six orders for these units.

DIRECTORS' REPORT

The principal continuing activity of the Group during the half-year ended 31 December 2018 is the manufacture and global distribution of satellite communication terminals and handheld phone accessories.

The improved sales revenue increased gross profit before operating costs to \$4.3m, well ahead of budget. Operating costs, despite close control, exceeded budget estimates for a number of good reasons, some beyond Beam's control.

These included foreign exchange losses totalling \$99,000, earlier than expected start-up costs of \$125,000 related to a prospective new market segment and \$150,000 associated with the evolving product development program. The end result was a Net Profit Before Tax of \$857,000 for the first half year and an EBITDA of \$1.54m.

Partial utilisation of the Group's deferred tax assets (mainly accumulated tax losses) against the half year taxable profit resulted in an accounting tax expense of \$108,000 in Australia plus current year taxes incurred by the Group's USA subsidiary of \$16,000, which are unable to be claimed against Australian tax losses.

Outlook and Projects

The WE deliveries in October/November 2018 completed the first contract with Thuraya for these products. The delays experienced during the development phase that were outside Beam's control has delayed Thuraya's market launch plans, but Beam firmly expects to receive follow up orders.

Understandably, new orders are not expected to be received until the initial product deliveries have filled the pipeline and gained acceptance in the market place. This may happen only in FY2020 although early indications, from distributors and Thuraya alike, are that the market is eagerly anticipating the product release.

In January 2019, Beam fulfilled 50% of the fifth order for 5,000 Iridium GO!® units (the balance will be shipped in May 2019) and, as announced on 19 February 2019, secured a sixth order from Iridium to be delivered in the first half of FY2020. This brings the total number of this remarkable product ordered to 40,000 units since mid-2014, signalling a significantly longer product life-cycle than other communication devices, due to its rugged design and the on-going creation of custom applications (Apps) for weather, mail and maritime charting, just to name a few.

SatPhone Shop, our on-line retail business and Telstra dealership, continues to expand its product range and sales volume. Revenue from this division is up 35% over the same period last year and the expectation is that these revenue levels will continue for the remainder of FY2019, thereby providing a growing contribution to the Group's performance.

Beam is on-track to return to a positive net profit position in FY2019 due to a recovery in sales and growing demand for Beam's base products, as foreshadowed in previous company reports, although it must be noted that the second half of the current financial year is unlikely to benefit from a substantial, WE order as was recorded in the first half. Having said that, the trend in our organic business and the new opportunities auger well for FY2020 and beyond.

Product opportunities outside the purely satellite communications space are being investigated and resourced, initiated by Beam director David Stewart, and a range of prospective products are currently being trialled and tested for Australian and global markets. Modest revenues are expected before the end of FY2019 with the major sales potential to be fully pursued in FY2020 and beyond.

Beam continues to be engaged with Iridium on the development of new products along with the enhancement of existing products following the US\$3bn upgrade of the Iridium satellite network, known as Iridium NEXT. The new constellation will introduce enhanced speeds and IP capabilities not previously available on the Iridium network. These new product developments are expected to commence late in FY2019 with release of product late FY2020.

The Inmarsat BRM project in its original format and in revised form, has been shelved for the present time, though it may be reconsidered at a later time when the business case proves sufficiently beneficial.

Initial work is also underway, in partnership with an experienced international operator, to develop an extension to our range of communications offerings. Experience in this particular market segment is a key to commercial success and Beam is very pleased with the cooperative spirit and teamwork that's developing between Beam and the partner. A preliminary business case indicates that net revenues which would be incremental to Beam's existing streams, and are targeted to commence in early FY2020. More will be announced once sufficient progress has been achieved.

Cash and Funding

The buoyant sales achievement has generated strong cash inflows. At 31 December 2018, the Group's bank facilities were undrawn (in fact there was a substantial in-funds position), although there had been minor use of the bank

DIRECTORS' REPORT

overdrafts during the previous six months. The available bank loan facilities total \$740,000. Expenditure on major development projects is the major application of cash for the Group and the bank facilities will fund these ongoing activities as required, in addition to continued inflows from trading operations.

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 in place. Beam drew US\$0.66m from this US\$2m facility midway through the last half year. It is not anticipated that there will be more drawings on this facility and repayment is expected to be made during the September quarter of 2019. The term of the facility is 36 months, expiring on 1 January 2020.

In May 2018, \$1.1m was received from the Australian Government R&D fund (which successfully encourages Australian investment in R&D) that primarily related to FY2017 expenditure in the Thuraya WE project. A further submission based on Beam's R&D expenditure in FY2018 (on three projects but mainly Thuraya WE) is being prepared and it is anticipated that approximately \$0.9m would be received from the fund in May/June 2019. This is only brought to profit on a monthly straight-line basis matching the amortisation of the related development project over the useful life of the product concerned. In the half year to 31 December 2018 the grant take-up and the amortisation expense was related to the Thuraya WE product.

Directors and Investors

Mr David Stewart joined our board on 9 November 2017 with the appointment confirmed at the Annual General Meeting on 26 October 2018. David has been an enthusiastic contributor at board meetings and with senior management, especially in the area of rationalising Group development expenditure and assisting the selection of trading partners for innovative new product opportunities. David is Beam's major shareholder, holding 19.93% of the shares in the Company, reflecting his positive view of the Group's growth prospects in the communications sector.

Beam director Mr Carl Hung is also managing director of SGV1 Holdings Limited, which holds a strategic investment of 17.48% in the Company. SGV1 is a company associated with Season Group, of which Mr Hung is President and CEO. Season is of vital importance to Beam, assisting with engineering, tool making and testing facilities for new products, as well as the contract manufacture of the majority of our products in Guangdong, China.

Mr Simon Wallace was re-elected as a director by shareholders at the AGM of 26 October. Simon continues as Chairman of the board. Simon is also a shareholder 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. Michael is also a shareholder in the Company.

No new securities have been issued since September 2017.

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.



Mr Simon Wallace
Chairman
Signed in Melbourne, 27 February 2019

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 2018, 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.

A handwritten signature in blue ink, appearing to be "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to be "J S Croall".

J S CROALL
Partner

Dated: 27 February 2019
Melbourne, Victoria

BEAM COMMUNICATIONS HOLDINGS LIMITED
(Formerly World Reach Limited)
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year ended	
		31-Dec-18	31-Dec-17
		\$	\$
Revenue	10	10,507,873	5,088,441
Changes in inventories of raw materials, finished goods and work in progress		(895,021)	885,966
Raw materials, consumables and other costs of sale		(5,286,300)	(3,957,843)
Employee benefits expense		(1,612,593)	(1,545,211)
Amortisation expense		(587,689)	(168,918)
Depreciation expense		(34,059)	(40,005)
Impairment expense		(33,910)	-
Finance costs expense		(61,641)	(21,614)
Consultancy and contractor expense		(123,567)	(94,914)
Legal and insurance expense		(122,319)	(103,005)
Accounting, share registry and secretarial expenses		(45,436)	(38,955)
Auditor remuneration expense		(28,626)	(29,636)
Marketing and ICT expense		(185,651)	(135,212)
Other expenses		<u>(633,786)</u>	<u>(407,679)</u>
Profit / (Loss) before income tax expense		857,276	(568,585)
Income tax expense	3	<u>(124,338)</u>	<u>(12,273)</u>
Profit / (Loss) after income tax expense for the half-year		732,938	(580,858)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the half-year		<u><u>732,938</u></u>	<u><u>(580,858)</u></u>
Profit / (Loss) and total comprehensive income / (loss) are both fully attributable to owners of the Company			
Overall operations			
Basic profit / (loss) per share (cents)	2	1.39	(1.19)
Diluted profit / (loss) per share (cents)	2	1.39	(1.19)

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

BEAM COMMUNICATIONS HOLDINGS LIMITED
(Formerly World Reach Limited)
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31-Dec-18 \$	30-Jun-18 \$
Current assets			
Cash and cash equivalents		1,508,313	528,925
Inventories		3,263,132	4,158,153
Trade and other receivables	4	2,395,151	1,747,412
Total current assets		7,166,596	6,434,490
Non-current assets			
Plant and equipment		121,142	122,998
Deferred tax assets		1,120,463	1,228,857
Intangible assets	5	5,102,187	4,835,509
Total non-current assets		6,343,792	6,187,364
Total assets		13,510,388	12,621,854
Current liabilities			
Trade and other payables	6	3,513,775	4,447,866
Other financial liabilities	7	944,554	-
Provisions		841,972	704,706
Total current liabilities		5,300,300	5,152,572
Non-current liabilities			
Provisions		27,788	19,919
Total non-current liabilities		27,788	19,919
Total liabilities		5,328,088	5,172,491
Net assets		8,182,300	7,449,363
Equity			
Issued capital	8	7,646,641	7,646,641
Reserves		411,189	411,189
Retained earnings		124,470	(608,467)
Total equity		8,182,300	7,449,363

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

BEAM COMMUNICATIONS HOLDINGS LIMITED
(Formerly World Reach Limited)
ABN 39 010 568 804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued capital	Reserves	Retained earnings	Total equity
	\$	\$	\$	\$
Balance at 1 July 2017	5,784,925	493,089	874,767	7,152,781
Total comprehensive loss attributable to owners of the Company	-	-	(580,862)	(580,862)
Transactions with owners in their capacity as owners				
- Shares issued, net of transaction costs	1,861,715			1,861,715
- Adjustment for employee share options lapsed		(81,900)	81,900	-
Balance at 31 December 2017	7,646,641	411,189	375,805	8,433,635
Balance at 1 July 2018	7,646,641	411,189	(608,467)	7,449,363
Total comprehensive income attributable to owners of the Company	-	-	732,938	732,938
Balance at 31 December 2018	7,646,641	411,189	124,470	8,182,300

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

BEAM COMMUNICATIONS HOLDINGS LIMITED
(Formerly World Reach Limited)
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year ended	
	31-Dec-18	30-Jun-18
	\$	\$
Cash flow from operating activities		
Receipts from customers	9,018,773	12,116,540
Payments to suppliers and employees	(7,956,255)	(13,685,446)
Interest and finance charges paid	(61,641)	13,608
Income tax paid	(15,944)	(54,300)
Interest received	34	(12,273)
Net cash provided by / (used in) operating activities	984,967	(1,621,871)
Cash flow from investing activities		
Development costs capitalised	(888,278)	(50,418)
Purchases of plant and equipment	(33,351)	(1,985,468)
Research and development grant receipts	-	1,729,233
Net cash used in investing activities	(921,629)	(306,653)
Cash flow from financing activities		
Funds advanced	916,050	-
Net cash proceeds on share placement	-	1,861,715
Net cash provided by financing activities	916,050	1,861,715
Net increase / (decrease) in cash and cash equivalents	979,388	(66,809)
Cash and cash equivalents at beginning of half-year	528,925	595,734
Cash and cash equivalents at end of half-year	1,508,313	528,925

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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 2018 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 2018 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 2018, 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*.

AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments became mandatorily effective on 1 January 2018. Therefore these standards have been applied for the first time in this set of interim financial statements. The transition approach and impact of these standards have been described in note 1 (d).

The consolidated interim financial statements have been approved and authorised for issue by the Board of Directors on 27 February 2019.

(c) Accounting policies

The accounting policies applied in preparing these consolidated financial statements for the half-year ended 31 December 2018 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 2018.

(d) 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 the Australian Accounting Standards Board 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.

Impact of adoption:

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There has been no impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period, and therefore no adjustments were deemed necessary. The revenue policy and trade and other receivables policy applied by the consolidated entity in accordance with the new standard is stated below:

Revenue

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.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been assessed based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

2 Earnings / (Loss) per share

Both the basic and diluted earnings / (loss) per share have been calculated using the earnings / (loss) attributable to shareholders of the Parent Company as the numerator. i.e. no adjustments to earnings / (loss) were necessary for the six months to 31 December 2018 and 31 December 2017.

Overall operations

Basic earnings / (loss) per share	1.39	(1.19)
Diluted earnings / (loss) per share	1.39	(1.19)

	No.	No.
Weighted average number of ordinary shares used in the calculation of Basic / Diluted Earnings / (Loss) Per Share	52,873,452	48,972,365

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

3 Income tax

	\$	\$
Current tax expense (a)	15,944	12,273
Deferred tax assets expensed (b)	108,394	-
	<u>124,338</u>	<u>12,273</u>

(a) Income tax expense comprises current year tax of \$15,944 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 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.

4 Trade and other receivables

(a) Trade and other receivables consist of the following:

	31-Dec-18 \$	30-Jun-18 \$
Trade receivables	1,628,015	1,124,442
Other receivables and prepayments	651,105	506,940
Rental security deposit	116,030	116,030
	<u>2,395,151</u>	<u>1,747,412</u>

(b) Ageing reconciliation

	Gross amount	Within trade terms	Past due but not impaired (days overdue)			Past due & impaired
			31 - 60	61 - 90	90+	
31-Dec-18						
<u>Current</u>						
Trade receivables	1,628,015	465,056	1,142,449	2,995	17,516	-
Other receivables	651,105	651,105	-	-	-	-
Rental security deposit	116,030	116,030	-	-	-	-
	<u>116,030</u>	<u>116,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30-Jun-18						
<u>Current</u>						
Trade receivables	1,124,442	615,271	63,979	100,449	344,744	-
Other receivables	506,940	506,940	-	-	-	-
Rental security deposit	116,030	116,030	-	-	-	-
	<u>116,030</u>	<u>116,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year ended 31-Dec-18 \$	Full-year ended 30-Jun-18 \$
5 Intangible assets		
Development costs capitalised - at cost	13,020,171	12,131,893
Accumulated amortisation and impairment	(7,917,984)	(7,296,384)
	<u>5,102,187</u>	<u>4,835,509</u>
(a) Movements in carrying amounts		
Balance at the beginning of period	4,835,509	4,338,410
Additional costs capitalised	888,278	1,985,468
Amortisation expense	(587,689)	(694,447)
Impairment expense	(33,910)	(793,922)
Balance at the end of period	<u>5,102,187</u>	<u>4,835,509</u>
6 Trade and other payables		
Current		
Trade payables and accruals	2,089,930	1,533,060
Deferred income	1,423,845	2,914,806
	<u>3,513,775</u>	<u>4,447,866</u>
7 Finance facilities		
Current / Non-current		
Bank overdraft - secured (a)	-	-
Unsecured other loans (b)	944,554	-
	<u>944,554</u>	<u>-</u>

(a) Bank facilities

All bank facilities are secured by first ranking Registered Mortgage Debenture over the Group's assets including uncalled capital and called but unpaid capital. At 31 December 2018, the group had the following unused bank facilities:

- an Australian dollar overdraft with a limit of \$300,000. The overdraft was not utilised at 31 December 2018.

- a US dollar overdraft with a limit of US\$320,000. The US dollar overdraft was not utilised at 31 December 2018.

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. These facilities were fully utilised as at 31 December 2018.

The Consolidated Group's banking facilities are subject to the Group satisfying quarterly covenants set by the bank. The Group did not meet all covenants during the period ended 31 December 2018 however the bank reconfirmed the banking facilities as continuing on 24 August 2018.

(b) Other facilities

The group has a secured loan finance facility with SGV1 Holdings Limited for US\$2,000,000. As at 31 December 2018 US\$ 666,666 (AUD \$944,554) had been drawn down. The security is a general security interest over the group's assets and undertakings, ranking second behind the bank's facilities. The secured loan facility is for a 36 month term from 1 January 2017 and will be utilized mainly for the purposes of funding new product development.

	Half-year ended 31-Dec-18		Full-year ended 30-Jun-18	
	Shares	\$	Shares	\$
8 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	<u>52,873,452</u>	<u>7,646,641</u>	<u>52,873,452</u>	<u>7,646,641</u>
	Number of shares	\$		
Balance at 30 June 2018	<u>52,873,452</u>	<u>7,646,641</u>		
Balance at 31 December 2018	<u>52,873,452</u>	<u>7,646,641</u>		

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

9 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.

10 Revenue

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

Geographical Market	Half-year ended 31-Dec-18		Half-year ended 31-Dec-17	
	\$	%	\$	%
Australia	2,620,518	25	1,317,145	26
United States of America	1,741,865	17	1,287,834	25
United Kingdom	673,476	6	585,045	11
Canada	314,030	3	490,770	10
United Arab Emirates	3,893,542	37	121,613	2
Japan	239,013	2	319,931	6
China	340,657	3	73,359	1
Other foreign countries	684,771	7	892,743	19
	<u>10,507,873</u>	<u>100%</u>	<u>5,088,441</u>	<u>100%</u>

11 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.

12 Related party transactions

(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 Mr Carl Hung, a Director of World Reach Limited. Refer to note 7 for further details.

13 Events after the end of the interim period

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

DIRECTORS' REPORT

The directors of Beam Communications Holdings Limited declare that:

1. The financial statements and notes as set out in pages 10 to 13 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 2018 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 2018.

This declaration is made in accordance with a resolution of the Board of Directors on 27 February 2019.



Mr Simon Wallace
Chairman

Date: 27 February 2019

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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 2018, 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 2018 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 2018 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*.

A handwritten signature in blue ink, appearing to read 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'J S Croall'.

J S CROALL
Partner

Dated: 27 February 2019
Melbourne, Victoria