FORM: Half yearly report

Name of *issuer*

Bendigo Telco Limited

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('Current period')
089 782 203	✓		31 December 2018

For announcement to the market

Extracts from this statement for announcement to the market *(see note 1)*.

				$A,000
Revenue *(item 1.1)*	up	13%	to	18,929
Profit (loss) for the period *(item 1.9)*	down	456%	to	(1,841)
Profit (loss) for the period attributable to members of the parent *(item 1.11)*	**down**	456%	to	(1,841)

Dividends	Current period	Previous corresponding period
Franking rate applicable:	100%	100%
Final dividend *(preliminary final report only)(item 10.13-10.14)*		
Amount per *security*		
Franked amount per *security*		
Interim dividend *(Half yearly report only)* ***(item 10.11 – 10.12)***		
Amount per *security*	4.0 cents	4.0 cents
Franked amount per *security*	4.0 cents	4.0 cents

Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

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Consolidated income statement *(The figures are not equity accounted)*

(see note 3)

(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)

		Current period - $A'000	Previous corresponding period - $A'000
1.1	Revenues *(item 7.1)*	18,950	16,745
1.2	Expenses, excluding finance costs *(item 7.2)*	20,383	15,442
1.3	Finance costs	227	527
1.4	Share of net profits (losses) of associates and joint ventures *(item 15.7)*	-	-
1.5	**Profit (loss) before income tax**	(1,660)	415
1.6	Income tax expense *(see note 4)*	181	259
1.7	Profit (loss) from continuing operations		
1.8	Profit (loss) from discontinued operations *(item 13.3)*		
1.9	**Profit (loss) for the period**	(1,841)	517
1.10	Profit (loss) attributable to minority interests		
1.11	**Profit (loss) attributable to members of the parent**	(1,841)	517
1.12	Basic earnings per *security* *(item 9.1)*	(23.73)	6.68
1.13	Diluted earnings per *security* *(item 9.1)*	(23.73)	6.68
1.14	Dividends per *security* *(item 9.1)*	4.00	4.00

Comparison of half-year profits

(Preliminary final statement only)

		Current period - $A'000	Previous corresponding period - $A'000
2.1	Consolidated profit (loss) after tax attributable to members reported for the 1st half year *(item 1.11* in the half yearly statement)	(1,841)	517
2.2	Consolidated profit (loss) after tax attributable to members for the 2nd half year		

Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

	Current assets	Current period - $A'000	Previous corresponding period - $A'000
3.1	Cash and cash equivalents	2,027	1,196
3.2	Trade and other receivables	1,936	1,526
3.3	Inventories	217	300
3.4	Other current assets (provide details if material)		
	- Prepayments	1,399	2,376
	- Taxation	479	142
3.5	**Total current assets**	6,059	5,542
	Non-current assets		
3.6	Available for sale investments		
3.7	Other financial assets		
3.8	Investments in associates		
3.9	Deferred tax assets	995	1,113
3.10	Exploration and evaluation expenditure capitalised *(see para. 71 of AASB 1022 – new standard not yet finalised)*		
3.11	Development properties *(mining entities)*		
3.12	Property, plant and equipment (net)	4,957	3,729
3.13	Investment properties		
3.14	Goodwill	3,487	5,344
3.15	Other intangible assets	3,180	3,003
3.16	Other (provide details if material)	-	-
3.17	**Total non-current assets**	12,617	13,189
3.18	**Total assets**	18,676	18,731
	Current liabilities		
3.19	Trade and other payables	3,377	2,554
3.20	Short term borrowings	1,538	1,039
3.21	Current tax payable	-	-
3.22	Short term provisions	914	785
3.23	Current portion of long term borrowings		
3.24	Other current liabilities (provide details if material)		
		5,829	4,379
3.25	Liabilities directly associated with non-current assets classified as held for sale *(para 38 of AASB 5)*		

3.26	**Total current liabilities**	5,829	4,642
	Non-current liabilities		
		Current period - $A'000	Previous corresponding period - $A'000
3.27	Long-term borrowings	1,538	4,402
3.28	Deferred tax liabilities		
3.29	Long term provisions	116	191
3.30	Other (provide details if material)		
3.31	**Total non-current liabilities**	5,102	4,593
3.32	**Total liabilities**	10,931	8,972
3.33	**Net assets**	7,745	9,759
	Equity		
3.34	Share capital	7,084	7,097
3.35	Other reserves		
3.36	Retained earnings	661	2,662
	Amounts recognised directly in equity relating to non-current assets classified as held for sale		
3.37	**Parent interest**		
3.38	**Minority interest**		
3.39	**Total equity**	7,745	9,759

Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

		Current period – A$'000	Previous corresponding period – A$'000
	Revenues recognised directly in equity:		
	Expenses recognised directly in equity:		
4.1	**Net income recognised directly in equity**		
4.2	**Profit for the period**	(1,841)	517
4.3	**Total recognised income and expense for the period**		
	Attributable to:		
4.4	Members of the parent	100%	100%
4.5	Minority interest		
	Effect of changes in accounting policy (*as per **AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors***):		
4.6	Members of the parent entity		
4.7	Minority interest		

Consolidated statement of cash flows
(See note 6)

(as per AASB 107: Cash Flow Statements)

		Current period - $A'000	Previous corresponding period - $A'000
	Cash flows related to operating activities		
5.1	Receipts from customers	**20,801**	18,574
5.2	Payments to suppliers and employees	(18,019)	(16,456)
5.3	Interest and other costs of finance paid	(84)	(86)
5.4	Income taxes paid	(369)	(391)
5.5	Other (provide details if material)	7	5
5.6	**Net cash used in operating activities**	2,335	1,646
	Cash flows related to investing activities		
5.7	Payments for purchases of property, plant and equipment	(150)	(355)
5.8	Proceeds from sale of property, plant and equipment	13	19
5.9	Payment for purchases of equity investments		
5.10	Proceeds from sale of equity investments		
5.11	Loans to other entities		
5.12	Loans repaid by other entities		
5.13	Interest and other items of similar nature received		
5.14	Dividends received		
5.15	Other (payment for intangible assets)	(57)	(209)
5.16	**Net cash used in investing activities**	(194)	(546)
	Cash flows related to financing activities		
5.17	Proceeds from issues of securities (shares, options, etc.)	(20)	(16)
5.18	Proceeds from borrowings		
5.19	Repayment of borrowings	(1,418)	(464)
5.20	Dividends paid	(621)	(620)
5.21	Other (provide details if material)		
5.22	**Net cash used in financing activities**	(2,059)	(1,100)
	Net increase (decrease) in cash and cash equivalents	82	(1)
5.23	Cash at beginning of period (*see Reconciliations of cash*)	1,945	1,197
5.24	Exchange rate adjustments to item 5.23		
5.25	**Cash at end of period** (*see* Reconciliation of cash)	2,027	1,196

Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

		Current period $A'000	Previous corresponding period $A'000
6.1	**Profit** *(item 1.9)*	(1,841)	517
	Adjustments for:		
6.2	Depreciation and amortisation	1,012	909
6.3	Profit on sale of assets	(13)	(9)
6.4	Impairment loss on goodwill & intangibles	1,934	-
6.5	Increase in receivables and prepayments	678	266
6.6	Increase in inventory	(19)	(18)
6.7	Increase in tax assets	70	(30)
6.8	Decrease in tax liabilities	(258)	(205)
6.9	Increase in accounts payable and provisions	793	232
6.10	Increase in issued capital	(20)	(16)
6.11	**Net cash from operating activities** *(item 5.6)*	2,335	1,646

Notes to the financial statements

Details of revenues and expenses

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

		Current period - $A'000	Previous corresponding period - $A'000
	Revenue		
	Revenue from ordinary activities	18,929	16,732
	Interest revenue	7	5
	Other income	13	9
7.1	Total Revenue	18,950	16,745
	Expenses		
	Cost of products sold	(10,316)	(8,703)
	Salaries and employee benefit costs	(4,294)	(4,136)
	Other costs	(6,000)	(3,130)
7.2	Total Expenses	(20,610)	(15,969)
	Profit (loss) before tax	(1,660)	776

Ratios		Current period	Previous corresponding period
	Profit before tax / revenue		
8.1	Consolidated profit (loss) before tax *(item 1.5)* as a percentage of revenue *(item 1.1)*	(8.8)%	4.6%
	Profit after tax / equity interests		
8.2	Consolidated profit (loss) after tax attributable to members *(item 1.11)* as a percentage of equity (similarly attributable) at the end of the period *(item 3.37)*	(23.8)%	5.3%

Earnings per *Security*

9.1 *Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:*

Basic & Diluted Earnings per share:

Current Period

Profit for period $(1,841,224)

Average Weighted Shares 7,757,784

Earnings per Share (23.73)

Prior Period

Profit for period $517,080

Average Weighted 7,745,284

Earnings per Share 6.68

Dividends

10.1	Date the dividend is payable	29 March 2019
10.2	Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)	22 March 2019
10.3	If it is a final dividend, has it been declared? *(Preliminary final report only)*	

10.4 The *dividend or distribution plans* shown below are in operation.

The last date(s) for receipt of election notices to the *dividend or distribution plans*

10.5 Any other disclosures in relation to *dividends or distributions*

Dividends paid or provided for on all *securities*

(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)

		Current period - $A'000	Previous corresponding period - $A'000	Franking rate applicable
	Dividends paid or provided for during the reporting period			
10.6	Current year interim	310,311	309,811	100%
10.7	Franked dividends			
10.8	Previous year final	620,623	619,622	100%
10.9	Franked dividends			
	Dividends proposed and not recognised as a liability			
10.10	Franked dividends			

Dividends per *security*
(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)

		Current year	Previous year	Franking rate applicable
	Dividends paid or provided for during the reporting period			
10.11	Current year interim	4.0 cents	4.0 cents	100%
10.12	Franked dividends – cents per share			
10.13	Previous year final	8.0 cents	8.0 cents	100%
10.14	Franked dividends – cents per share			
	Dividends proposed and not recognised as a liability			
10.15	Franked dividends – cents per share			

Exploration and evaluation expenditure capitalised

To be completed only be issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

		Current period $A'000	Previous corresponding period $A'000
11.1	Opening balance		
11.2	Expenditure incurred during current period		
11.3	Expenditure written off during current period		
11.4	Acquisitions, disposals, revaluation increments, etc.		
11.5	Expenditure transferred to Development Properties		
11.6	**Closing balance as shown in the consolidated balance sheet** (item 3.10)		

Development properties

(To be completed only by issuers with mining interests if amounts are material)

		Current period $A'000	Previous corresponding period $A'000
12.1	Opening balance		
12.2	Expenditure incurred during current period		
12.3	Expenditure transferred from exploration and evaluation		
12.4	Expenditure written off during current period		
12.5	Acquisitions, disposals, revaluation increments, etc.		
12.6	Expenditure transferred to mine properties		
12.7	**Closing balance as shown in the consolidated balance sheet** (item 3.11)		

Discontinued Operations

(see note 18)

(as per paragraph 33 of AASB 5: Non-current Assets Held for Sale and Discontinued Operations)

		Current period – A$'000	Previous corresponding period – A$'000
13.1	Revenue		
13.2	Expense		
13.3	**Profit (loss) from discontinued operations before income tax**		
13.4	Income tax expense *(as per para 81 (h) of AASB 112)*		
13.5	**Gain (loss) on sale/disposal of discontinued operations**		
13.6	Income tax expense *(as per paragraph 81(h) of AASB 112)*		

Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

		Number issued	Number listed	Paid-up value (cents)	Current period – A$'000	Previous corresponding period – A$'000
14.1	**Preference securities** *(description)*					
14.2	Balance at start of period					
14.3	a) Increases through issues					
14.4	a) Decreases through returns of capital, buybacks etc.					
14.5	Balance at end of period					
14.6	**Ordinary securities** *(description)*					
14.7	Balance at start of period	7,757,784	7,757,784	100	7,104	7,113
14.8	a) Increases through issues					
14.9	b) Decreases through returns of capital, buybacks etc.				(20)	(16)
14.10	Balance at end of period	7,757,784	7,757,784		7,084	7,097
14.11	**Convertible Debt Securities** *(description & conversion factor)*					
14.12	Balance at start of period					
14.13	a) Increases through issues					
14.14	b) Decreases through maturity, converted.					
14.15	Balance at end of period					

		Number listed	Paid-up value (cents)	Current period – A$'000	Previous corresponding period – A$'000
14.16	**Options** *(description & conversion factor)*				
14.17	Balance at start of period				
14.18	Issued during period				
14.19	Exercised during period				
14.20	Expired during period				
14.21	Balance at end of period				
14.22	**Debentures** *(description)*				
14.23	Balance at start of period				
14.24	a) Increases through issues				
14.25	b) Decreases through maturity, converted				
14.26	Balance at end of period				
14.27	**Unsecured Notes** *(description)*				
14.28	Balance at start of period				
14.29	a) Increases through issues				
14.30	b) Decreases through maturity, converted				
14.31	Balance at end of period				
14.32	**Total *Securities***				

		Current period – A$'000	Previous corresponding period – A$'000
	Reserves		
14.33	Balance at start of period		
14.34	Transfers to/from reserves		
14.35	Total for the period		
14.36	Balance at end of period		
14.37	**Total reserves**		
	Retained earnings		
14.38	**Balance at start of period**	3,050	2,765
14.39	Changes in accounting policy	73	
14.40	Restated balance	3,123	
14.41	Deferred tax adjustment	-	-
14.42	Total for the period	(1,841)	517
14.43	Dividends	(621)	(619)
14.44	**Balance at end of period**	661	2,172

Details of aggregate share of profits (losses) of associates and joint venture entities

(equity method)

(as per paragraph Aus 37.1 of AASB 128: Investments in Associates and paragraph Aus 57.3 of AASB 131: Interests in Joint Ventures)

Name of associate or joint venture entity	
Reporting entities percentage holding	

		Current period - $A'000	Previous corresponding period - $A'000
15.1	Profit (loss) before income tax		
15.2	Income tax		
15.3	**Profit (loss) after tax**		
15.4	Impairment losses		
15.5	Reversals of impairment losses		
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)		
15.7	**Share of net profit (loss) of associates and joint venture entities**		

Control gained over entities having material effect
(*See note 8*)

16.1	Name of *issuer* (or *group*)	

		$A'000
16.2	Consolidated profit (loss) after tax of the *issuer* (or *group*) since the date in the current period on which control was acquired	
16.3	Date from which profit (loss) in *item 16.2* has been calculated	
16.4	Profit (loss) after tax of the *issuer* (or *group*) for the whole of the previous corresponding period	

Loss of control of entities having material effect
(See note 8)

17.1	Name of *issuer* (or *group*)	

		$A'000
17.2	Consolidated profit (loss) after tax of the entity (or *group*) for the current period to the date of loss of control	
17.3	Date from which the profit (loss) in *item 17.2* has been calculated	
17.4	Consolidated profit (loss) after tax of the entity (or *group*) while controlled during the whole of the previous corresponding period	
17.5	Contribution to consolidated profit (loss) from sale of interest leading to loss of control	

Material interests in entities which are not controlled entities
The economic entity has an interest (that is material to it) in the following entities.

		Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) *(item 1.9)*	
18.1	**Equity accounted associated entities**	Current period	Previous corresponding period	Current period $A'000	Previous corresponding period $A'000
				Equity accounted	
18.2	**Total**				
18.3	**Other material interests**			Non equity accounted (i.e. part of *item 1.9*)	
18.4	**Total**				

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

		Current period - $A'000	Previous corresponding period - $A'000
	Segments		
	Revenue:		
19.1	External sales	18,929	16,732
19.2	Inter-segment sales		
19.3	**Total** (consolidated total equal to *item 1.1*)	18,929	16,732
19.4	Segment result	(362)	1,868
19.5	Unallocated expenses	1,319	1,105
19.6	**Operating profit** (equal to *item 1.5*)	(1,841)	776
19.7	Interest expense		
19.8	Interest income		
19.9	Share of profits of associates		
19.10	Income tax expense	181	259
19.11	**Net profit** (consolidated total equal to *item 1.9*)	(1,841)	517
	Other information		
19.12	Segment assets		
19.13	Investments in equity method associates		
19.14	Unallocated assets		
19.15	**Total assets** (equal to *item 3.18*)		
19.16	Segment liabilities		
19.17	Unallocated liabilities		
19.18	**Total liabilities** (equal to *item 3.32*)		
19.19	Capital expenditure		
19.20	Depreciation		
19.21	Other non-cash expenses		

NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary *security*	$0.01	$0.04

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

21.1

International Financial Reporting Standards

Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.

22.1

Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.

22.2

Comments by *directors*

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report [Delete if inapplicable.]

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations *(as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)*

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes

in Accounting Estimates and Errors.)

Bendigo Telco have adopted AASB 15 using the Cumulative Method which has resulted in the following impact to Retained Earnings as at 1 July 2018;

Mobile Handsets	$27,080
Modems	$45,753
Adjustment to Retained Earnings	$72,833

Bendigo Telco had identified a number of key transactions which may be impacted by AASB 15;

Mobile Repayment Option (MRO)
- Customer acquisition of mobile handset which is repaid by the customer over a 24 month contract.
- Under the prior standard, revenue was recognised equally over the term of the contract. AASB 15 changes now see revenue recognised in the month of sale.

For the half year ended 31 December 2018, the financial statements were impacted by an increase in revenue of $88,973.

Modem provided with DSL/NBN plan
- Customer provided with a compatible modem when signing to a DSL/NBN 24 month plan.
- Under the prior standard, revenue was recognised equally over the term of the contract. AASB 15 changes now see revenue recognised in the month of sale.

For the half year ended 31 December 2018, the financial statements were impacted by an increase in revenue of $65,681.

Connection Fees
- Sales commissions are provided as incentives for sales. These commissions vary depending on the product sold.
- Under the prior standard, sales commissions were expensed in the month of sale. AASB 15 changes now see sales commissions capitalised and the expense to be recognised equally over the term of the contract.

For the half year ended 31 December 2018, the financial statements were impacted by an decrease in salaries and employee benefit costs of $60,561.

An *issuer* shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. *(as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

- Impairment of Goodwill - Bendigo Communications purchase

Bendigo Communications was purchased October 2006. After an extensive review of the value in use calculations, 100% of the $916,491 goodwill has been recognised as impaired for the half-year ended 31 December 2018.

- Impairment of Goodwill - Vic West Community Telco purchase

Vic West Community Telco was purchased 1 September 2016. After a review of the value in use calculations, 21% of the $4,427,791 goodwill has been recognised as impaired for the half-year ended 31 December 2018.

- Impairment of prepaid advertising - McMedia purchase

McMedia was purchased 31 October 2014. After a review of budgeted advertising expenditure, 100% of the $417,985 prepaid advertising has been recognised as impaired for the half-year ended 31 December 2018.

- Impairment of intangible asset - Wireless Broadband project

Bendigo Telco incurred $74,487 in development costs relating to a Wireless Broadband initiative. After review, it was deemed that the Wireless Broadband project was unlikely to bring future economic value to the business. 100% of the $74,487 has been recognised as impaired for the half-year ended 31 December 2018.

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(i) of AASB 134: Interim Financial Reporting)*

Annual meeting
(Preliminary final statement only)

The annual meeting will be held as follows:

Place	
Date	
Time	
Approximate date the annual report will be available	

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

   Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement does/~~does not* (delete one)~~ give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

The financial statements have been audited.	✓	The financial statements have been subject to review by a registered auditor (or overseas equivalent).
The financial statements are in the process of being audited or subject to review.		The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/~~will follow immediately they are available*~~ (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The *issuer* has/~~does not have* (delete one)~~ a formally constituted audit committee.

Sign here: Date:27/02/2019
(*Director*/Company secretary)

Print name: Ken Belfrage

Partners in success

Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Independent Auditor's Report to the Members of Bendigo Telco Ltd

Report on the Half-Year Financial Report
We have reviewed the accompanying half-year financial report of Bendigo Telco Ltd, which comprises the consolidated condensed statement of financial position as at 31 December 2018, the consolidated condensed statement of profit or loss and other comprehensive income, the consolidated condensed statement of changes in equity, the consolidated condensed 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.

Directors Responsibility for the Half-Year Financial Report
The directors of Bendigo Telco Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 gives a true and fair view and 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 Bendigo Telco Ltd'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 Bendigo Telco Ltd, 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 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.*

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 Bendigo Telco Ltd is not in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of Bendigo Telco Ltd's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
b. complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Andrew Frewin Stewart
61-65 Bull Street Bendigo 3550
Dated this 27th day of February 2019

Adrian Downing
Lead Auditor