



# Interim Financial Report

for the Half-year ended

31 December 2019

## DIRECTORS' REPORT

Your directors submit the interim financial report of the Group for the half-year ended 31 December 2019.

### Directors

The names of directors who held office during or since the end of the half-year:

Robert George Hunt	Rodney David Payne
Donald James Erskine	Kevin Gerard Dole
Graham William Bastian	Jonathon David Selkirk
Michelle Kaye O'Sullivan	Gregory Douglas Gillett
Nicole Therese Rooke	

### Review of Results and Operations

#### Operational Review

As outlined in our last Annual Report, the Australian Telco market and environment remains challenging. However, given our strong connection with our loyal customer base and throughout the individual markets we have remained committed to, we believe we still have opportunities to generate strong revenues and produce value for all our committed stakeholder base. We remain convinced we can add value technically and strategically for both our customers and the communities we serve, and therefore effectively employ our shareholder capital.

Over the last 12 months, the Group has been able to successfully implement our new Strategy and Operating Model to effectively operate in this new changed Telco environment. We are continuing to produce solid value for our shareholders and while we still envisage some further loss of revenues and margin from a number of our traditional lines of business, we expect to progressively replace these revenues given we continue to attract new business and support from key organisations across all of our markets.

The Group has positioned itself to be more agile and better able to respond to the industry changes we are facing, by remaining committed to our new structure, our priorities, and to focus on our strengths of delivering strategic advantages to our customer base.

Moving forward, the Group will continue to execute on its forward strategy, focusing on the following key priorities:

- Product development in the strategic areas of Cloud, Security and Networking.
- Refocusing on the communities the Group serves, increasing our participation in and contribution to these communities.
- Lead additional strategic conversations with partners to deliver strong outcomes for the Groups regions.
- Continue the reinvigoration of the Groups processes and internal business systems to address the needs of our customers and to deliver a great customer experience.
- Continue to deliver improvements in business productivity and efficiency.
- Management and control over the Groups cost base.
- Leveraging technology investment to deliver innovative and relevant product capabilities to the market.

By focusing on the above the Group will be able to capitalise on our strengths and competitive advantage and achieve long term success in our chosen markets.

## **Business Half Year Results**

The Group generated a net profit before tax of \$926,422 and a net profit after tax of \$625,258 for the half year ended 31 December 2019. This compares to a net loss before tax of \$1,660,242 and a net loss after tax of \$1,841,224 in the prior year. The prior year results included one-off, non-cash impairment charges of \$2,352,967 made against goodwill and other non-current assets.

Earnings before interest, tax depreciation and amortisation ("EBITDA") for the period was \$2,325,164, representing an increase of \$536,178 (30%) compared to the prior year (2018: \$1,788,986). The prior year EBITDA results include the write back of one-off, non-cash impairment charges of \$2,352,967.

The EBITDA for the half year ended 31 December 2019 includes the impact from the adoption of AASB 16 – Leases which has positively impacted EBITDA by \$249,299. The Group has elected to adopt AASB 16 retrospectively with the cumulative effect of applying AASB 16 recognised at 1 July 2019 and as such the prior year comparative numbers have not been restated.

Total Group's revenue decreased by 10.8% over the corresponding prior period to \$16,880,914 (2018: \$18,929,059). This decrease is substantially due to the loss of traditional fixed voice, traditional data and mobile revenues. Some of the loss in revenue has been offset with gains in cloud-based and other business service revenue.

At the end of the period, the net assets of the Group were \$8,118,650 (30 June 2019: \$8,050,801). The Group continued to generate strong cash flows from operating activities and maintained a sound working capital with current assets exceeding current liabilities by \$727,839 (30 June 2019: \$848,358).

### **Auditor's Independence Declaration**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2019.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Robert Hunt, Chairman



Donald Erskine, Director

Dated this 26th day of February 2020.



**Chartered Accountants**

61 Bull Street, Bendigo 3550  
PO Box 454, Bendigo 3552  
03 5443 0344  
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**Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Bendigo Telco Ltd**

As lead auditor for the audit of Bendigo Telco Ltd for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 26<sup>th</sup> day of February 2020

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

**Joshua Griffin**  
Lead Auditor

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

	Note	31.12.2019 \$	31.12.2018 \$
Revenue	3	16,880,914	18,929,059
Cost of products sold		(8,570,033)	(10,316,188)
Other income	3	3,848	20,753
Salaries and employee benefit costs		(3,972,531)	(4,293,822)
Occupancy and associated costs		(194,440)	(418,254)
General administration costs		(840,721)	(1,014,830)
Depreciation and amortisation costs		(1,278,646)	(1,011,834)
Advertising and promotion costs		(110,935)	(154,423)
Systems costs		(839,611)	(820,817)
Borrowing costs		(151,423)	(226,919)
Other expenses		-	(2,352,967)
Profit/(loss) before income tax		926,422	(1,660,242)
Income tax expense		(301,164)	(180,982)
Net profit/(loss) for the period		625,258	(1,841,224)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		625,258	(1,841,224)
Total comprehensive income attributable to members of Bendigo Telco Limited		625,258	(1,841,224)
<b>Earnings per share</b>			
Basic earnings/(losses) per share (cents)		8.06	(23.73)
Diluted earnings/(losses) per share (cents)		8.06	(23.73)

***The accompanying notes form part of these financial statements***

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	<b>31.12.2019</b>	<b>30.06.2019</b>
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	2,967,896	1,868,943
Trade and other receivables	1,287,356	1,737,997
Prepayments	1,757,300	1,550,727
Inventories	240,670	190,581
Taxation	-	418,816
<b>Total Current Assets</b>	<b>6,253,222</b>	<b>5,767,064</b>
<b>Non Current Assets</b>		
Property, plant and equipment	6,752,827	4,122,185
Intangible assets	6,031,202	6,374,784
Deferred tax assets	817,769	883,068
<b>Total Non Current Assets</b>	<b>13,601,798</b>	<b>11,380,037</b>
<b>TOTAL ASSETS</b>	<b>19,855,020</b>	<b>17,147,101</b>
<b>Current Liabilities</b>		
Trade and other payables	2,415,073	2,200,866
Provisions	955,358	871,468
Borrowings	407,268	407,268
Lease Liabilities	1,737,907	1,439,104
Taxation	9,777	-
<b>Total Current Liabilities</b>	<b>5,525,383</b>	<b>4,918,706</b>
<b>Non Current Liabilities</b>		
Provisions	73,870	93,209
Borrowings	2,555,346	2,752,751
Lease Liabilities	3,581,771	1,331,634
<b>Total Non Current Liabilities</b>	<b>6,210,987</b>	<b>4,177,594</b>
<b>TOTAL LIABILITIES</b>	<b>11,736,370</b>	<b>9,096,300</b>
<b>NET ASSETS</b>	<b>8,118,650</b>	<b>8,050,801</b>
<b>EQUITY</b>		
Issued capital	7,054,944	7,069,308
Retained earnings	1,063,706	981,493
<b>TOTAL EQUITY</b>	<b>8,118,650</b>	<b>8,050,801</b>

*The accompanying notes form part of these financial statements*

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

	Note	Ordinary Share Capital \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2018</b>		7,104,001	3,050,375	10,154,376
Cumulative adjustment upon change in accounting policies (AASB15)		-	72,833	72,833
<b>Balance at 1 July 2018 (restated)</b>		7,104,001	3,123,208	10,227,209
<b>Comprehensive Income</b>				
Profit for the period		-	(1,841,224)	(1,841,224)
<b>Total comprehensive income for the period</b>		<b>7,104,001</b>	<b>1,281,984</b>	<b>8,385,985</b>
<b>Transaction with owners, in their capacity as owners, and other transfers</b>				
Dividends recognised for the period	2	-	(620,623)	(620,623)
Cost of equity raised		(20,329)	-	(20,329)
<b>Total transactions with owners and other transfers</b>		(20,329)	(620,623)	(640,952)
<b>Balance at 31 December 2018</b>		<b>7,083,672</b>	<b>661,361</b>	<b>7,745,033</b>
<b>Balance at 1 July 2019</b>		7,069,308	981,493	8,050,801
<b>Comprehensive Income</b>				
Profit for the period		-	625,258	625,258
<b>Total comprehensive income for the period</b>		<b>7,069,308</b>	<b>1,606,751</b>	<b>8,676,059</b>
<b>Transaction with owners, in their capacity as owners, and other transfers</b>				
Dividends recognised for the period	2	-	(543,045)	(543,045)
Cost of equity raised		(14,364)	-	(14,364)
<b>Total transactions with owners and other transfers</b>		(14,364)	(543,045)	(557,409)
<b>Balance at 31 December 2019</b>		<b>7,054,944</b>	<b>1,063,706</b>	<b>8,118,650</b>

*The accompanying notes form part of these financial statements*



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

	<b>31.12.2019</b>	<b>31.12.2018</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	18,889,605	20,801,128
Interest paid on right of use lease liabilities	(105,423)	(84,427)
Interest paid on borrowings	(14,673)	-
Payments to suppliers and employees	(15,925,287)	(18,019,477)
Income tax received/(paid)	178,365	(369,045)
Interest received	3,635	7,268
<b>Net cash provided by operating activities</b>	<u>3,026,222</u>	<u>2,335,447</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible assets	(7,515)	(57,113)
Purchase of property, plant and equipment	(256,109)	(150,743)
Proceeds from sale of assets	43,000	13,485
<b>Net cash used in investing activities</b>	<u>(220,624)</u>	<u>(194,371)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of bank loans	(197,405)	(997,083)
Repayment of leases	(951,832)	(421,414)
Dividends paid	(543,045)	(620,623)
Cost of share issue	(14,363)	(20,329)
<b>Net cash used in financing activities</b>	<u>(1,706,645)</u>	<u>(2,059,449)</u>
<b>Net increase in cash held</b>	<b>1,098,953</b>	<b>81,627</b>
Cash and cash equivalents at beginning of period	1,868,943	1,945,454
<b>Cash and cash equivalents at end of the period</b>	<u><b>2,967,896</b></u>	<u><b>2,027,081</b></u>

*The accompanying notes form part of these financial statements*

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### Note 1: Summary of significant accounting policies

#### 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 the 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 of the latest annual financial statements of Bendigo Telco Limited. As such, it does not contain information that represents relatively insignificant changes during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2019, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 26 February 2020.

#### Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for those as described in New and Amended Standards Adopted by the Group.

#### New and Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

#### AASB 16: Leases

##### The Group as lessee.

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using only the most current known index or rate;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options.

**AASB 16: Leases (continued)**

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments, based on an index or rate take effect, the lease liability is remeasured and adjusted against the right of use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

## Initial Application of AASB 16: Leases

The Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2018 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Group is the lessee.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets have been measured and recognised in the Statement of Financial Position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

*The following practical expedients have been used by the Group in applying AASB 16 for the first time:*

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases.
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

### *Measurement of lease liabilities*

Operating lease commitments disclosed as at 30 June 2019	1,550,293
Add: finance lease liabilities recognised as at 1 July 2019	2,770,738
Add: adjustments as a result of a different treatment of extension options	1,753,186
Less: low-value leases not recognised as a liability	(72,236)
Lease liability recognised as at 1 July 2019	<u>6,001,981</u>
Represented by:	
Current lease liabilities	1,816,526
Non-current lease liabilities	<u>4,185,455</u>
	<u>6,001,981</u>

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 4%.

**Note 2: Dividends Paid and Proposed**

	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>\$</b>	<b>\$</b>
Distributions paid:		
2019 Final fully franked ordinary dividend of 7.0 (2018: 8.0) cents per share franked at the tax rate of 27.5% (2018: 27.5%).	543,045	620,623
Distributions proposed:		
2020 Interim fully franked ordinary dividend of 5.0 (2019: 4.0) cents per share franked at the tax rate of 27.5% (2019: 27.5%).	387,889	310,311
After the reporting date the above dividend was declared. The amount has not been recognised as a liability as at 31 December 2019 but will be brought into account in the 2020 financial year.		

**Note 3: Revenue and Other Income**

	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>\$</b>	<b>\$</b>
Revenue:		
Revenue from contracts with customers	16,880,914	18,929,059
	<u>16,880,914</u>	<u>18,929,059</u>
Other income:		
Interest received	3,635	7,268
Profit on sale of assets	213	13,485
	<u>3,848</u>	<u>20,753</u>
Total revenue and other income	<u><u>16,884,762</u></u>	<u><u>18,949,812</u></u>

#### Note 4: Operating Segments

The Group has adopted AASB 8 Operating Segments from 1 July 2009 whereby segment information is presented using a 'management approach'; that is, segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (the board that makes strategic decisions).

Bendigo Telco Limited operates under one segment, however, the breakdown of revenue has been disclosed by product set. Goodwill has been reallocated accordingly to cash generating units which cannot be greater than a segment as defined in AASB 8 Operating Segments. On reallocation, no additional goodwill impairment was required.

#### Major customers

During the half year ended 31 December 2019 approximately 34.2% (2018: 31.8%) of Bendigo Telco's external revenue was derived from sales to one customer (2018: one customer).

#### Revenue by product set

	31.12.2019	31.12.2018
	\$	\$
<b>Revenue from sales of services recognised over time</b>		
Voice	4,774,272	6,036,473
Mobile	1,480,911	1,840,043
Data Networks	5,281,354	5,756,992
Broadband	2,044,072	2,155,020
IT Services	100,557	102,861
Data Centre	1,523,234	1,539,369
Cloud	1,050,182	830,731
Other	63,676	129,273
	<u>16,318,258</u>	<u>18,390,762</u>
<b>Revenue from sales of goods recognised at a point in time</b>		
Mobile	58,382	88,972
Broadband	33,858	65,681
Hardware and Installations	474,264	404,397
	<u>566,504</u>	<u>559,050</u>

#### Assets & Liabilities

No information is disclosed for segment assets as no measure of segment assets is regularly provided to the chief operating decision maker.

#### Note 5: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting period.

#### Note 6: Events after the end of the interim period

Other than the following, the directors are not aware of any significant events since the end of the interim period.

Since the end of the interim period, the directors have resolved to pay an interim fully franked dividend of 5.0 cents per share (2018: 4.0 cents per share) payable on 27 March 2020 to shareholders on the share register at 20 March 2020. This dividend will be recognised in shareholders' equity in the next interim financial statements.

## Note 7: Leases

The Group's lease portfolio includes buildings, equipment and vehicles. Building leases have an average of 9 years as their lease term, while equipment and vehicles have an average of 4 years.

The options to extend are contained in several of the property leases of the Group. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All of the extension options are only exercisable by the Group. The extension options which management were reasonably certain to be exercised have been included in the calculation of the lease liability.

### (i) AASB 16 related amounts recognised in the balance sheet

	31.12.2019	01.07.2019
	\$	\$
<b>Right of use assets</b>		
Buildings	3,000,054	3,231,243
Equipment	2,498,495	2,767,125
Vehicles	39,141	48,136
	<u>5,537,690</u>	<u>6,046,504</u>

All right of use assets have been presented in Property Plant and Equipment on the Balance Sheet.

### a. Movement in carrying amounts

Movement in the carrying amounts for each class of right of use assets between the beginning and the end of the current financial year

	Buildings	Equipment	Vehicles	TOTAL
Balance at 1 July 2019	3,231,244	2,767,125	48,136	6,046,505
Additions	-	113,625	-	113,625
Disposals	-	-	-	-
Depreciation	(231,190)	(382,255)	(8,995)	(622,440)
Impairment	-	-	-	-
Balance at 31 December 2019	<u>3,000,054</u>	<u>2,498,495</u>	<u>39,141</u>	<u>5,537,690</u>

	31.12.2019	01.07.2019
	\$	\$
<b>Lease liabilities</b>		
Buildings	3,045,032	3,231,243
Equipment	2,235,351	2,706,841
Vehicles	39,295	63,897
	<u>5,319,678</u>	<u>6,001,981</u>
Current	1,737,907	1,816,526
Non-current	<u>3,581,771</u>	<u>4,185,455</u>
	<u>5,319,678</u>	<u>6,001,981</u>

In the previous year, the group only recognised lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 Leases and were presented as part of the Group's borrowings.

***(ii) AASB 16 related amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income***

	<b>31.12.2019</b>
Depreciation charge related to right-of-use assets	<b>\$</b>
Buildings	231,190
Equipment	382,255
Vehicles	8,995
	<u>622,440</u>
Interest expense (included in borrowing costs)	105,423
Short-term leases expense (included in occupancy costs)	2,167
Low-value asset leases expense (included in borrowing costs)	28,100
	<u>135,690</u>

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16.



## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bendigo Telco Limited, the directors of the Group declare that:

1. The financial statements and notes, as set out on pages 1 to 15 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
  - b. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Robert Hunt, Chairman



Donald Erskine, Director

Dated this 26th day of February 2020



Chartered Accountants

61 Bull Street, Bendigo 3550  
PO Box 454, Bendigo 3552  
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## 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 statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the 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.

### 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 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 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:

- giving a true and fair view of Bendigo Telco Ltd's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart  
61-65 Bull Street Bendigo 3550  
Dated this 26<sup>th</sup> day of February 2020

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin  
Lead Auditor